FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 29,342 Saturday June 9 1984 ***35p

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WORLD NEWS

Housing aid may face £500m cut

Ministers are considering a cut of up to £500m in the grant paid to local authorities responsible for housing to offset some of the extra costs arising from the Rates Bill.

Most of the authorities involved are Conservative-controlled district councils, and the change would provoke a row between the Government and its supporters in local government.

The cut would leave a gap in many council's finances which could only be filled by large rate increases. Back Page

Iraqi vow

Iraqi President Saddam Hussein vowed to continue strikes against "economic targets" in Iran amid reports that Baghdad has received advanced Soviet air-to-surface missiles. Gulf concern, Page 2

Bid to calm Sikh fears

India's President Zail Singh visited Amritsar's Golden Temple in a bid to reassure Sikhs that the central shrine was undamaged in this week's army attack on the complex. Page 2

Call for Falklands talks

The Government faced calls from Conservative backbenchers for direct talks between Britain and Argentina on the future of the Falklands. Page 4

Daytime TV delay

ITV companies are about to postpone plans for a big expansion of daytime television after failing to agree with the IBA on advertising time. Page 4

Bomb on Peron plane

Argentinian police found a bomb on the airliner that was due to take former President Maria Estella Peron back to Spain.

Hunger strike threat

Jailed Polish dissident Jacek Kuron, accused of plotting against the state, will go on hunger strike from Monday unless he is released unconditionally or tried, his son said.

Appeal to Pope

South African Bishop Desmond Tutu appealed to Pope John Paul not to meet the country's premier P. W. Botha on his tour of Western Europe.

Tornado kills 11

A tornado killed 11 people and injured 66 when it levelled the farming town of Barneveld, Wisconsin. Nearly 50 tornadoes, with fierce storms, were reported in Wisconsin and neighbouring U.S. states.

Shuttle postponed

The scheduled June 23 launch of the space shuttle Discovery has been postponed to June 25 in order to change one of its three main engines, the U.S. space agency said.

Plea to peers

GLC leader Ken Livingstone hoisted a banner on County Hall, which can be read from Parliament, urging peers to vote against abolition of next year's GLC and metropolitan council elections. Government faces setback, Page 4

Zambian ivory haul

Zambian police found a haul of 160 tusks from elephants killed by poachers in one of the biggest massacres in recent years.

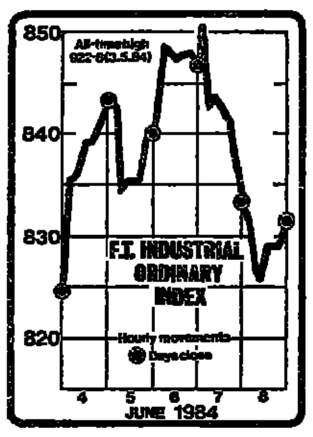
BUSINESS SUMMARY

Leutwiler to leave Swiss central bank

DR FRITZ LEUTWILER is to retire as president of Switzerland's central bank at the end of the year, after 10 years in office. He will automatically give up his post as president of the Bank for International Settlements. Back Page

MARSH & McLENNAN, biggest U.S. insurance broker, sacked its treasurer and several senior executives following its $165m (£118.1m) pre-tax loss on unauthorised bond trading. Back Page

INTEREST rate uncertainty inhibited business on London markets. Leading shares eased



early but recovered, boosted by Gilt trends. The FT index closed 1.8 off at 831.4, up 6.9 on the week. Page 22

VAUXHALL told car workers it would start laying them off on June 18 because of the West German metal workers' strike. Page 3

AUSTIN ROVER, BL's volume car subsidiary, warned 50 dealers that they would be sacked if their performance did not improve. Page 4

BL is selling part of its Bathgate truck plant, due for closure, to Stewart Melrose (Bathgate), vehicle dismantler, for a sum believed to be about £250,000.

BRITISH STEEL approved a £50m plan to reline its Redcar blast furnace, which will help to calm fears for the future of steelmaking on Teesside. Back Page

BRITISH SHIPYARDS can expect 2 per cent of world shipbuilding orders at most this year, British Shipbuilders chairman Graham Day said. Page 4

IPC, publisher owned by Reed International, has suspended publication of some weekly magazines because of industrial action by journalists. Page 5

BUILDING SOCIETIES' inflow of savers' funds dropped for the third successive month since they lowered interest rates. Page 3

INDIA'S next five-year plan, for 1985-90, is expected to aim for an annual economic growth rate of just over 5 per cent. Page 2

OECD urged Spain to continue with tight economic policies and ensure that real wages come down. Page 2

VOLVO, Swedish motor, energy and food group, bought 6.8 per cent more of diversified investment company Cardo. It now owns 21.5 per cent, costing SKr 1.28bn (£115m). Page 17; ICI, Page 4

ELDERS IXL, Australian pastoral, trading and finance group, won full control of Carlton and United Breweries. Page 17

LEADERS BACK IMF ON LATIN AMERICAN BORROWING

Summit calls for debt rescheduling initiative

BY PHILIP STEPHENS AND MAX WILKINSON

LEADERS OF the seven nations meeting at the London summit today will call on commercial banks to allow heavily indebted countries more time to meet obligations, by extending periods of re-scheduling.

The call gives the strongest international backing to recent efforts by the International Monetary Fund and the U.S. authorities. It is part of a seven-point strategy for dealing with debt problems which was circulated for the leaders' approval last night as part of the summit's draft communique.

Mr Nigel Lawson, the Chancellor, said the leaders' decision to encourage "multi-year" rescheduling of commercial and official debt was the major new element in their approach to Latin America's mounting debt.

The seven summit countries, the U.S., Japan, West Germany, the UK, France, Canada and Italy, are set to agree all the main elements of a communique which will include a fairly obvious reference to the need for the U.S. to cut its budget deficit and lower interest rates.

The proposed declaration, as it stood last night, said the seven leaders attached particular importance "in cases where debtor countries themselves are making sound efforts to improve their position, to encouraging more extended multi-year rescheduling of commercial debts and standing ready to negotiate similarly in respect of direct debts to governments and government agencies."

Mr Lawson said Mexico was clearly "a strong candidate for multi-year rescheduling." He hoped the summit agreement would go some way to satisfying the seven Latin American countries which sent a letter to the London summit expressing their anxiety.

Finance ministers had in mind the kind of rescheduling agreements which had already taken place, he said, but added: "What this is doing is taking it further and building on existing techniques."

Mr Donald Regan, U.S. Treasury Secretary, made it clear, however, that the U.S. would insist that tight strings be attached to such arrangements.

"It will not be across the board but only for successful countries ... it will be an important reward and incentive for successful conduct," a senior U.S. Administration official said.

Mr Regan also gave assurances to his fellow finance ministers that the U.S. Administration would continue to support the U.S. banking system.

But he made it clear that this did not extend necessarily to protecting the shareholders or managements of individual banks if they had mismanaged their loan portfolios.

Mr Lawson said he hoped the most immediate threat, from the non-payment of interest by Argentina, would de defused by an early agreement with the IMF. He said he hoped—though it was only a hope—that a letter of intent for a Fund programme would be signed by this weekend.

U.S. officials also said they

Continued on Back Page

Further summit coverage, Page 3

Declaration agreed on 'democratic values'

By Reginald Dale

WESTERN leaders yesterday capped their first day of political discussions at the summit with a declaration reaffirming their commitment to "democratic values" and free and peaceful societies.

The declaration was read by Sir Geoffrey Howe, the Foreign Secretary, after the seven coun tries had iron out initial differences of view over both its wording and whether or not the exercise might prove counter-productive.

Senior U.S. officials had suggested that Mrs Margaret Thatcher, the Prime Minister, would be "embarrassed" if the summit issued a wishy-washy declaration stating no more than the obvious.

Chancellor Helmut Kohl of West Germany was said to have thought it should contain stronger incentives to bring the Soviet Union back into a dialogue with the West.

The first draft of the document was produced by the UK as host country.

Mrs Thatcher had proposed that more topical, and possibly contentious, issues should be omitted from what was meant to be a general statement of principle, leaving it likely that the summit—when it ends today—will issue separate statements on East-West relations, the Gulf and international terorism.

Senior U.S. officials immediately praised the declaration as "significant, positive, self-confident, optimistic and forward looking."

They suggested it fitted in well with the optimistic vision of America that President Ronald Reagan is presenting in election year — in contrast to the "malaise" in U.S. society detected by his predecessor, Jimmy Carter.

The declaration states that "employment opportunities" should be available to all, an objective, Sir Geoffrey said, that was "sadly, far away at present from fulfilment." British officials pointed out the document was not meant to be binding.

U.S. officials drew attention to the section that rejected

Continued on Back Page

Coal talks display signs of 'realism'

BY JOHN LLOYD, PHILIP BASSETT AN MARK MEREDITH

A "DEGREE of realism" has entered talks between the National Coal Board and the National Union of Mineworkers on the miners' dispute, Mr Ian MacGregor, NCB chairman, said yesterday.

Mr MacGregor was speaking after the third meeting between the two sides in less than three weeks ending in agreement to meet again next week. Mr MacGregor met Mr Arthur Scargill, the NUM president, for the first time since their first meeting ended in acrimony.

It is understood the NCB used the two-hour meeting to stress the depressed state of the UK and export markets for coal. Mr MacGregor said he believed that "our friends in the NUM" understood the NCB case rather better.

Mr Peter Heathfield, the NUM's general secretary, said last night there had been "minimal progress." He added, however: "We (the NUM) are talking about expansion—the coal board are starting to think along the same wavelength."

Early indications from transport union officials yesterday indicated that agreements between their national leaders and the NUM on Thursday night to "blockade" steel plants and power stations are unlikely to have much effect.

At local level, calls for a blockade of oil and other power station fuels seem likely to attract only limited support, according to soundings taken among shop stewards and local union officials—generally more militant than their members.

Unemployment

While some oil tanker drivers' shop stewards thought the gravity of the miners' dispute would lead to support, others thought that lower militancy among drivers, the miners' own divisions and fear of unemployment even in relatively secure oil companies would tell against drivers taking widespread action.

A Shell shop steward said: "We'll be working normally until someone tells us otherwise—and then we'll think about it."

A TGWU local official said of the current action: "To be honest, we have been in some difficulty trying to get people to come out."

The largest steel union, the Iron and Steel Trades Confederation, distanced itself yesterday from the proposed action. A statement from the union said "it was the transport unions who said they would be recommending to their members that coke, coal and fuel to the steel plants should be blockaded."

Interpretation

Steelworkers' leaders confirmed the interpretation that this meant the union did not regard itself a party to that decision, nor bound by it.

The union will discuss the call at its next executive meeting on an as yet unspecified date, but there is no perceived urgency, since steelworkers' leaders are convinced that, in practice, the calls for support will make little difference. "We really don't think that one extra train or lorry will stop," said one.

Leaders of the Lancashire mineworkers yesterday agreed not to take disciplinary action against members who crossed picket lines. This follows an injunction granted to working miners last month against the NUM area leaders, who had threatened to expel them from the union.

However, Mr Sid Vincent, the area secretary, said after the court hearing that he would appeal to the national leadership to make the strike official—after which he would be able to take action against his members.

A further Nottinghamshire branch voted against pro-strike officials at a branch election. The president and delegate of Sherwood pit were defeated 2:1 in favour of working candidates—but the secretary, who helped secure an injunction restraining area and national leaders from calling the Notts miners on strike, won by a 4:1 margin.

Sympath for the miners, Page 5; The importance of being Arthur, Page 15

Zanussi bank creditors to meet

BY ALAN FRIEDMAN IN MILAN

THE MAIN Italian bank creditors of Zanussi, the troubled home appliance group whose problems appear to be increasingly serious, have been called to a meeting in Rome next week by Sig Renato Altissimo, the Italian Industry Minister, to discuss the company's position.

The meeting will pay particular attention to various loans which are coming due in the next few weeks.

Last week Zanussi's Italian bankers agreed to a temporary moratorium on the group's L1,000bn (£430m) of debt in order to allow the company to make crucial U.S.$42m (£30m) foreign debt repayments this month and next.

Meanwhile, Sig Altissimo has been holding talks with representatives of Thomson-Brandt, the French electrical group, which has expressed interest in acquiring some Zanussi assets and in taking part in a recapitalisation of the loss-making and heavily-indebted Italian white goods maker.

Thomson-Brandt's interest follows that of Sweden's Electrolux, which has made an offer, said to be around L200bn for a stake in Zanussi. These are the two most prominent of a series of possible offers.

Yesterday, two socialist members of parliament commended the Thomson-Brandt proposal and poured scorn on Electrolux, which they said would not be interested in preserving Zanussi's electronics businesses.

The French group's offer would involve the participation of Friuli, the north-eastern region where Zanussi is based, they said.

Regional politicians and trade unions have been attacking the Electrolux offer since it first surfaced a few weeks ago but Sig Franco Zoppas, the recently-appointed Zanussi chairman who married into the Zanussi family, is believed to favour the company.

Lear Fan decision likely soon

BY PETER BRUCE

THE GOVERNMENT is likely to decide in the next few weeks whether to inject new capital into the ill-fated Lear Fan aircraft project in Northern Ireland to enable production of the U.S. designed ten-seater carbon fibre aircraft to begin should it meet its U.S. Federal Aviation Administration certification target next February.

The Lear Fan production plants, in Belfast and Antrim, were shut last week and some 380 workers laid off after repeated failures of the advanced carbon fibre fuselage in static tests in the U.S.

The Government, which has invested more than £50m in the project, now three years behind schedule, insisted on Thursday last week that it would put up no new money until certification was achieved.

Officials are understood to be concerned, however, that the remaining £14m of £64m made available to the project by the Government and new Saudi shareholders when it was refinanced in 1982 will be completely exhausted by next February.

By then the plants would need to be geared up for production should the certification tests prove successful.

Talks on new funding may be clouded, though, by a disagreement with the U.S. based Lear Fan Holdings over the refinancing agreement negotiated in September 1982.

The agreement signed with the original U.S. owned Lear Fan company in 1980 stipulated that the aircraft would be built in Belfast and flown to Reno, Nevada, for finishing. The new Lear Fan company, now 85 per cent Saudi Arabian owned, is understood to want merely to build parts in Ulster and assemble them in the U.S.

Such a move would seriously damage the prospects of the Government being able to meet its promise of 2,800 jobs in Ulster once the aircraft goes into production.

Last month Mr James Prior, the Northern Ireland Secretary, is believed to have discussed the role of the plants, once certification is achieved, with the aircraft's principal backers, two Saudi princes.

One of the Saudis is Prince Sultan Ibn Salman Ibn Abdulaziz, son of the Governor of Riyadh, who is King Fahd's brother.

Problems dogging the project, Page 14

Ernst & Whinney in liquidation pay-out

ERNST & WHINNEY, one of the largest accounting firms in Britain, is to pay £850,000 and a contribution to costs to the liquidator of the stockbroking firm Hedderwick Stirling Grumbar & Co.

The surprise announcement late yesterday followed protracted negotiations between the liquidator and Ernst & Whinney, auditors to Hedderwick.

In April 1981 Hedderwick was stopped trading by the Stock Exchange in a market "hammering" when the firm's banker, National Westminster, refused to handle cheques to cover a day's dealing by Hedderwick in gilt edged securities.

Hedderwick collapsed with a net deficit of about £1m and gross debts of about £6m.

The Stock Exchange appointed Mr Martin Fidler from its administrative services to carry out the liquidation. Mr Fidler has been pursuing claims against several parties for the last three years.

The payments by Ernst and Whinney have been announced 10 days before a court was due to hear legal action launched by the liquidator. This will not now take place.

Mr Fidler had already secured a 100p in the £ payout to creditors of Hedderwick. Among the settlements Mr Fidler secured was £150,000 from Quilter Goodison, the stockbroking firm.

Quilter Goodison was due to merge with Hedderwick minutes before it collapsed. Although the merger did not proceed, Quilter Goodison succeeded in picking up a large part of Hedderwick's private client business.

Quilter Goodison paid more than £150,000 in respect of the costs incurred in looking after the former clients of Hedderwick by the liquidator and shareholders of the failed stockbroking firm.

MARKETS

DOLLAR	STERLING
New York lunchtime	New York lunchtime $1.3965
DM 2.688	London: $1.395 (1.3955)
FFr 8.263	DM 3.7625 (3.765)
SwFr 2.24275	SwFr 3.1375 (3.1325)
Y231.4	FFr 11.58 (same)
London:	Y323.0 (322.25)
DM 2.698 (2.6945)	Trade weighted 79.6 (79.7)
FFr 8.3 (8.285)	**LONDON MONEY**
SwFr 2.249 (2.2435)	3-month interbank: mid rate 9⅜% (9⅜)
Y231.65 (231.3)	3-month eligible bills: buying rate 8⅞% (same)
Trade weighted 130.5 (130.2)	**STOCK INDICES**
Tokyo close Y231.2	FT Ind Ord 831.4 (—1.8)
U.S. LUNCHTIME RATES	FT-A All Share 499.38 (—0.4%)
Fed Funds 10⅛%	FT-SE 100 1,068.6 (—3.4)
3-month Treasury Bills: 9.93%	FT-A long gilt yield index: High coupon 10.71 (10.74)
Long Bond: 98¾ yield: 13.4	New York lunchtime: DJ Ind Av 1,130.28 (—2.16)
GOLD	Tokyo:
New York: Comex June latest $387.7	Nikkei Dow 10,350.93 (+34.93)
London: $386.5 ($392)	

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 18; Belgium Fr 28; Denmark Kr 7.25; France Fr 6.00; Germany DM 2.30; Italy L1,100; Netherlands Fl 2.50; Norway Kr 6.00; Portugal Esc 75; Spain Pta 100; Sweden Kr 6.50; Switzerland Fr 2.00.

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Italian Communist Party leader gravely ill

BY JAMES BUXTON IN ROME

DOCTORS TREATING Sig Enrico Berlinguer, the Italian Communist Party leader, refused yesterday to give any prognosis on his condition after an operation for the cerebral haemorrhage which he suffered on Thursday night.

Sig Sandro Pertini, the 87-year-old President of the republic, yesterday joined family members close to the bedside of Sig Berlinguer in a hospital at Padua, where the 62-year-old Communist leader had been addressing a rally before he was taken gravely ill.

If, as seems probable, Sig Berlinguer's illness removes him from the effective leadership of the party, there will be important consequences both for next Sunday's European elections — a key fixture in Italian politics — and for the future of the party, which is Italy's second biggest and the largest Communist party in Western Europe.

Overshadowed by the splits in the ruling coalition and the grave illness of Sig Berlinguer, the Senate yesterday finally approved the Craxi Government's measure reducing the effects of the Scala Mobile wage indexation system after a vote of confidence in which Communist senators abstained.

This means that after four months of bitter opposition, the Craxi Government has achieved a major part of its political and economic policy.

Sig Berlinguer, a highly reserved member of an aristocratic Sardinian family, kept an almost automatic grip on the efficient Communist Party machine which he has led since 1972.

His success in pushing the party's share of the vote up from 27 to 34 per cent between the general elections of 1972 and 1976 gave him a commanding political role in Italy.

As a result the long-ruling Christian Democrat Party was obliged to make a compromise with the Communists which led to their becoming part of the ruling majority, but not of the Government. But the brutal killing in 1978 of Sig Aldo Moro, the Christian Democrat architect of the arrangement, eventually brought it to an end, as it became clear that the Christian Democrats had no intention of conceding government posts to the Communists.

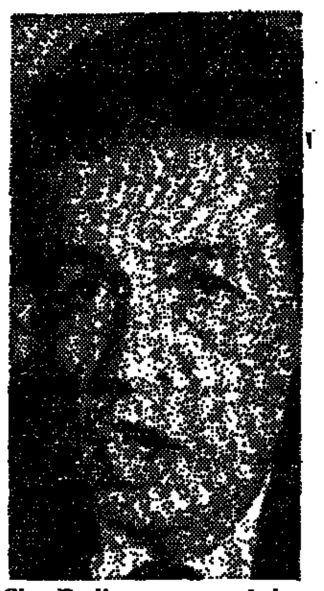
The Communists vote fell in 1979 and from then on the party has been uncertain what direction to take. Sig Berlinguer himself has been torn between a resumption of the relationship with the Christian Democrats and the concept of a government of the Left with the Socialists.

The hopes of the latter strategy were dashed last year by the creation under Sig Bettino Craxi, the Socialist Prime Minister, of a coalition with the Christian Democrats, causing unprecedentedly fierce Communist opposition.

The European elections were expected to be a test of the appeal to the voters of the Communist Party's current strategy.

But the whole question of the future strategy of the party remains open, especially in view of the fact that Sig Berlinguer has no obvious successor.

Sig Berlinguer has done much to move the party away from allegiance to the Soviet Union, towards a stance in which it accepts Nato.



Sig Berlinguer—no obvious successor

W. German strike talks to resume next week

By Rupert Cornwell in Bonn

AFTER A DAY in which complete breakdown several times seemed imminent, employers and unions last night agreed to resume talks next Wednesday to try to settle West Germany's four-week-old engineering strikes.

However, the prospects of success in the next round of negotiations in Stuttgart look distinctly slim. Both sides yesterday accused the other of not budging an inch during the four days of discussions this week, and the dispute looks set to drag on for a while yet.

The sticking point remains the refusal of Gesamtmetall, the engineering employers association, to contemplate any change in the existing basic 40-hour week. All they have offered is a 38-hour week for shiftworkers, who represent around 23 per cent of the workforce only.

IG Metall, the metalworkers' union, has on the other hand demanded an across-the-board 37-hour week by the end of 1986, and a drop to 35 hours within two years after that if unemployment remains above 500,000.

Both sides, however, seem anxious to contain the dispute at its current level. The unions have made clear they will not widen the strike call beyond the 57,000 currently out. Gesamtmetall for its part is not staging any extra retaliatory lockouts.

Indian President visits Amritsar in bid to calm Sikh fears

BY JOHN ELLIOTT IN NEW DELHI

INDIA'S Sikh President, Mr Zail Singh, visited the Golden Temple complex in Amritsar yesterday in an attempt to reassure the country's shocked Sikh community that no damage was done to the central shrine, the Harminder Sahib, during this week's battle.

Demonstrations against the Indian army's action against Sikh extremists in the northern state of Punjab continued in various parts of northern India and cities abroad, including London, where many of the most politically committed Sikhs live.

But there was no escalation of the troubles. The situation was calm in the northern state of Kashmir where an army-enforced curfew was imposed, and in New Delhi where Sikhs gathered quietly in groups at the main temple.

The country is still in a state of shock over what has happened in the past week. Mrs Indira Gandhi, the Prime Minister, talked yesterday of the need to "give a healing touch to the wounds." Her tough line is still receiving strong political support.

But many Indians, including Sikhs of all political leanings, are asking whether it was necessary for her to have ordered such a massive army operation.

President Zail Singh, however, was shocked and surprised in Amritsar by the arsenal of sophisticated weapons belonging to the extremists in the Golden Temple and he ordered an inquiry into how they had been obtained.

President Giani Zail Singh

More than 250 of the people killed in the Golden Temple battle have been cremated, including the body of Sant Jarnail Singh Bhindranwale, the leading extremist.

Because of the extreme heat with temperatures in excess of 105°F, the bodies have had to be disposed of quickly. Not all have been identified, but a government official said they had all been photographed and fingerprinted before cremation to assist later identification.

Some extremists are still hiding in various parts of buildings around the Golden Temple and are engaging in action with the army which is continuing its sweep of the Punjab rural areas.

S. Africa on course for commercial gas find

By Michael Holman and Jim Jones in Johannesburg

SOUTH AFRICA is within reach of proving sufficient reserves to provide the country with its first commercial natural gas field, the state-owned exploration company, Soekor, said yesterday.

But both Soekor and the Department of Mineral and Energy Affairs responded cautiously to a local newspaper report claiming that the field, 60 miles offshore at Mossel Bay, on the Cape south coast, provided the basis for a multi-million dollar investment programme.

Soekor (Southern Oil Exploration Corporation) has said in the past that a reserve of one trillion (million million) cubic feet of gas would be required for an economic production of 20,000 barrels of oil a day.

"With continual drilling over the past few years in the Mossel Bay area, Soeker is approaching this figure," the company said. The company was studying "all aspects relating to the possible economic production" of the gas, it said. Findings would be put to the South African Cabinet before any decision was taken on whether and how the field should be exploited.

The Department of Mineral and Energy Affairs emphasised that no major new oil or gas finds hadbeen made. "The fact is that Soeker has nearly reached the stage in its exploration work where it can begin to evaluate results obtained," a spokesman said.

Information on South Africa's oil search and procurement is a closely guarded secret. However, industry analysts in Johannesburg say that the production of 20,000 barrels daily of crude oil from gas would provide about 5 per cent of the country's requirement.

Soekor has spent R450m (£232m) in its search for oil over the past 15 years. Onshore targets were abandoned relatively early on, as the South African geological environment does not lend itself to oil fields.

Offshore, 97 holes have been drilled at water depths down to 200 ft, and resulted in the publicly announced discovery of one relatively small gasfield in an area near Plettenberg Bay, to the north of Mossel Bay.

In Vienna yesterday, the South African Prime Minister, Mr P. W. Botha, said that "large amounts of natural gas" had been found near Mossel Bay. He hoped that oil would also be found. "When that happens the world will be more interested in us," he said.

East and West 'share concern over Gulf'

BY TONY WALKER IN BAGHDAD AND PATRICK COCKBURN IN LONDON

THE SOVIET UNION and the U.S. share similar concerns in the Iran-Iraq war Mr George Shultz, the U.S. Secretary of State, said yesterday.

In a notably conciliatory approach, Mr Shultz said that the war was the one issue that had not become "part of the East-West conflict. We have some differences of interest, but basically both we and the Soviets want to see international waters remain open." Both the U.S. and the Soviet Union have inclined towards Iraq in the last two years.

The Soviet Union has underlined its support for Baghdad by providing it with two new air-to-ground strategic missiles, say diplomats in Baghdad. They are the AS-4 Kitchen and the more modern AS-6 Kingfish. Launched from a bomber, the Kingfish weighs 11,000 pounds and has a range of 155 miles at sea level.

Iraq has for some weeks been hinting that it possesses devastating weapons. The Iraqi Information Minister called them weapons of mass destruction, but some Western military attaches discount the Iraqi claims as propaganda.

They argue that Iraqi air superiority is so great that they do not need additional weapons to damage severely key Iranian installations such as Kharg Island.

Iraq has had much more success than Iran in diversifying its weapons suppliers. It has received the first consignment of a $35m order for cluster bombs from Chile, according to NBC television. Brazil is also supplying $300m-worth of armaments.

But despite Iraq's success against tankers and ships trading with Iran, Kharg Island has remained open with at least one tanker docking every day, according to diplomats in Tehran.

Kuwait has also maintained its export level. An official of the Kuwait Petroleum Corporation denied yesterday that any discounts were being given. "We will not cut prices, we don't need to," he said.

In Baghdad, meanwhile, President Saddam Hussein vowed to continue strikes against "economic targets" in Iran in an effort to end the 45-month-long Gulf war.

President Saddam told a military parade that the Iranian regime was "dying." His remarks came as Iran and Iraq continued retaliatory strikes against each other's towns killing and injuring scores of civilians.

China set to sign nuclear waste deal

By John Davies in Frankfurt

WEST GERMAN commercial interests expect to sign a contract with the Chinese within the next few weeks, envisaging the transport of spent nuclear fuel from Western Europe for permanent storage in China.

The companies involved believe that Austria and Switzerland — and possibly also Spain and Italy—may be interested in shipping radioactive waste to China.

West Germany itself has already ruled out sending spent fuel from its nuclear power plants to China, as it is pressing ahead with a strategy of reprocessing nuclear fuel and storing radioactive waste within Germany.

A new company is being formed to act as agency of the Chinese in Western Europe and to arrange the transport of spent nuclear fuel to China. The first deliveries are foreseen as early as 1987, although the interests involved recognise that many uncertainties stand in the way of shipments ever taking place, with the attitude of the U.S. regarded as crucial.

The new company will be 55 per cent-owned by Alfred Hempel, the Dusseldorf-based trader who has had many years of commercial dealings with Communist countries.

The remaining 45 per cent will be held by Nukem, the West German nuclear fuel company, and its majority-owned transport subsidiary, Transnuklear, in which French interests hold a one-third stake.

Dr Manfred Stephany, a Nukem director, said yesterday that a Chinese delegation would come to West Germany within the next few weeks for the signing of a contract in line with a letter of intent given several months ago.

He said that the Chinese were offering to take a total of between 3,000 and 5,000 tonnes of spent nuclear ful up to the year 2000.

Commission set to ban artificial hormones

BY IVO DAWNAY IN BRUSSELS

ANNUAL U.S. meat sales to the EEC worth up to $200m (£143m) came under threat yesterday following a move by the European Commission to ban artificial hormones, used by farmers to accelerate weight gain in cattle.

The proposal also faced opposition from Community consumer groups which have long been battling for a total ban on all hormones, including so-called natural varieties.

BEUC, the umbrella for consumer interests, added yesterday that the proposal will weaken existing controls by passing sole responsibility for the authorisation of new drugs to majority voting within the EEC's veterinary committee.

Under the plan, the use of Trenbolone and Zeranol, both widely employed by farmers, would be prohibited from July 1 next year while further scientific tests on their possible effects on humans are conducted.

The Commission originally proposed an outright ban on all hormones four years ago after the discovery of hormonal abnormalities in some Italian children triggered a widespread boycott of veal and beef.

But it later withdrew the prohibition call pending scientific reports, in the face of strong objections from member states.

The U.S. has submitted substantial evidence defending the use of Zeranol which has been approved by the Federal Food and Drug Administration and is widely used by American farmers.

Several EEC states are expected to question the need for the ban when the new draft directive goes forward for endorsement by the farm ministers council.

India aims for 5% growth in next five year plan

BY JOHN ELLIOTT IN NEW DELHI

INDIA is expected to aim for an economic growth rate of just over 5 per cent in the next five-year plan for 1985-90 which is now being discussed by the country's Planning Commission and National Development Council.

The aim of the plan will be to concentrate on improving agriculture and infrastructure and on making better use of capital budgets.

Mrs Indira Gandhi, the Indian Prime Minister, has put her own political stamp on the plan, with an eye on India's coming general election, by declaring that the emphasis must be on "food, work and productivity."

In line with previous plans, the proposals are likely to involve a public sector outlay of at least double the figure for 1980-85 which means a probable expenditure of about $200bn (£143bn).

Electric power generated is likely to receive the largest allocation of funds in the energy and industrial sectors and expenditure of $67bn for the five years is being debated to include $30bn to $35bn on power generation capacity with a greater emphasis than in the past on hydro-electric plants.

The plan is being finalised at a time when the Government is becoming increasingly confident about the country's short- and medium-term record and prospects. Mr Pranab Mukherjee, the Finance Minister said he is confident that the 1980-1985 plan's annual growth target of 5.2 per cent will be achieved and that the figure might rise to 5.4 per cent.

He forecast that the financial year 1983-1984 for which figures are still being collated will have produced a growth rate of about 7 per cent in the economy. This compares with an average of 3.4 per cent in the previous four years which included a low point of 2 per cent in 1982-1983.

The figures for the past year have been boosted by a good monsoon last year, and a successful harvest which produced record food grain production in 1983-1984 of an estimated 151m tonnes. This year's monsoon has started to break on time.

Industry has started to pick up in the past few months. The Government believes that manufacturing industry has grown by about 5 per cent in 1983-1984.

A Swiss banking ace deals his last card

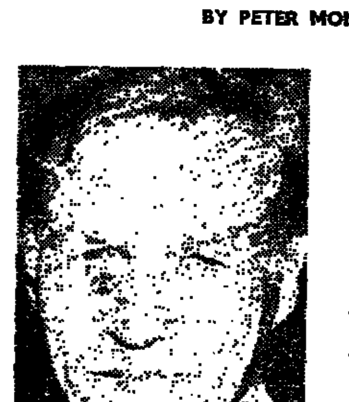
BY PETER MONTAGNON

YESTERDAY'S announcement that Dr Fritz Leutwiler is to resign as President of the Swiss National Bank marks the end of an era for all of Switzerland, not just its Central Bank.

It is hard to think of any other Swiss official who has done more to make the voice of tiny neutral Switzerland heard in the outside world than Dr Leutwiler in the 10 years since his appointment as President of the National Bank.

This is not just because of his undeniable stature as a central banker, or because of his extrovert plain talking manner, or even because of his very Swiss dedication to hard work — he is often behind his desk at 7.45 in the morning and finds little time for his favourite outside pursuit as a collector of antiquarian books.

His position as the country's top monetary official forced him to take the hot seat through years of hurly-burly and crisis, first with the floating of exchange rates in the early 1970s, then with a series of damaging bank scandals and



Dr Fritz Leutwiler—outgoing president of the Swiss National Bank

latterly with the developing country debt crisis in whose solution he has played a key role.

In the process he has worked closely with all the world's leading financial figures, and though some may still have mixed feelings about the blunt way in which he expresses his views—he annoyed Mr Paul Volcker, President of the U.S. Federal Reserve with a speech in Washington last autumn in which he said that some developing country debt was irrecoverable—no one could deny his particularly astute grasp of monetary policy both domestic and international.

Unlike many central bank governors Dr Leutwiler is possessed of a clear understanding about how financial markets actually work. Top foreign exchange bankers in Zurich have always claimed that, had he wanted to, Dr Leutwiler could have become an ace dealer of dollars.

As President of the National Bank he enjoys an enormous measure of autonomy and his toughness has been such as to earn him the respect of even the most ruthless Swiss commercial bankers.

Though this could not prevent disasters such as the misappropriation of more than SwFr 2bn (£639m) at the Chiasso branch of Credit Suisse in 1977, it did help him steer Swiss banks away from the worst excesses allowed by the country's liberal secrecy laws, while protecting them from damaging political attack by the anti-bank lobby in the Socialist party.

At home and abroad he will, however, probably best be remembered for his dogged crusade against inflation, which is still only 3.2 per cent in Switzerland and at one stage in the 1970s almost disappeared altogether.

His approach can best be described as that of a pragmatic monetarist — he has an abhorrence of excessive government spending and deficits — but it was fuelled by a genuine belief that it is the paramount duty of a central banker to protect the value of money in ordinary people's pockets.

Dr Leutwiler is not a man who suffers fools gladly, but the Press too owes him a debt of gratitude. His statements were often controversial but even when they caused a storm, he always stood by the journalists who had written about what he said so long as he had not been misquoted.

Pentagon names seven 'linked' to test fraud

BY LOUISE KEHOE IN SAN FRANCISCO

THE PENTAGON'S Defence Logistics Agency has released the names of seven current and former employees of National Semiconductor who, the Agency charges, were responsible for the fraudulent testing of military parts to which the company pleaded guilty in March.

The Agency says the seven were directly responsible for the manufacturing and testing of military parts at National Semiconductor during the three-year period ending in 1981 when the fraud occurred.

Last week the Agency issued a notice proposing to bar National Semiconductor as a military supplier. In addition the Agency sent notices to the seven individuals proposing they should be banned from personal involvement in military contracts.

One of the seven people named by the Agency is Mr Clement Pausa, the vice-president and corporate officer at National responsible for international manufacturing

BASE LENDING RATES

A.B.N. Bank	9 %	C. Hoare & Co. †	9 %
Allied Irish Bank	9½%	Hongkong & Shanghai	9 %
Amro Bank	9 %	Kingsnorth Trust Ltd	10 %
Henry Ansbacher	9½%	Knowsley & Co. Ltd.	9½%
Associates Cap. Corp.	9 %	Lloyds Bank	9 %
Banco de Bilbao	9½%	Mallinhall Limited	9 %
Bank Hapoalim BM	9 %	Edward Manson & Co.	10½%
BCCI	9½%	Meghraj and Sons Ltd.	9½%
Bank of Ireland	9½%	Midland Bank	9½%
Bank of Cyprus	9½%	■ Morgan Grenfell	9 %
Bank of India	9½%	National Bk of Kuwait	9 %
Bank of Scotland	9½%	National Girobank	9 %
Banque Belge Ltd.	9½%	National Westminster	9 %
Barclays Bank	9½%	Norwich Gen. Tst.	9½%
Beneficial Trust Ltd.	10 %	People's Tst. & Sv. Ltd	10 %
Bremar Holdings Ltd.	9 %	R. Raphael & Sons	9 %
Brit. Bank of Mid. East	9 %	P. S. Refson & Co.	9½%
■ Brown Shipley	9½%	Roxburghe Guarantee	9½%
CL Bank Nederland	9 %	Royal Trust Co. Canada	9½%
Canada Permn't Trust	9 %	■ J Henry Schroder Wagg	9 %
Castle Court Trust Ltd.	9½%	Standard Chartered ‖	9½%
Cayzer Ltd.	9½%	Trade Dev. Bank	9½%
Cedar Holdings	9 %	TCB	9 %
■ Charterhouse Japhet	9½%	Trustee Savings Bank	9 %
Choulartons	10½%	United Bank of Kuwait	9 %
Citibank NA	9½%	United Mizrahi Bank	9 %
Citibank Savings ¶	9½%	Volkskas Limited	9½%
Clydesdale Bank	9½%	Westpac Banking Corp	9 %
C. E. Coates	10½%	Whiteaway Laidlaw	9½%
Comm. Bk. N. East	9½%	Williams & Glyn's	9½%
Consolidated Credits	9½%	Wintrust Secs. Ltd.	9½%
Co-operative Bank *	9 %	Yorkshire Bank	9 %
The Cyprus Popular Bk	9½%		
Dunbar & Co. Ltd.	9½%		
Duncan Lawrie	9½%		
E. T. Trust	9½%		
Exeter Trust Ltd.	10½%		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10 %		
Robert Fraser	9½%		
Grindlays Bank ‡	9 %		
■ Guinness Mahon	9½%		
■ Hambros Bank	9½%		
Heritable & Gen Trust	9½%		
■ Hill Samuel §	9½%		

■ Member of the Accepting Houses Committee.

* 7-day deposits 5.75%. 1-month 6.50%. Fixed rate 12 months £2,500 8.5% £10,000, 12 months 9%.

† 7-day deposits on sums of under £10,000 6%. £10,000 up to £50,000 6¾%. £50,000 and over 7½%.

‡ Call deposits £1,000 and over 5¼%.

§ 21-day deposits over £1,000 7%.

¶ Demand deposits 6¾%.

‖ Mortgage base rate.

OECD urges Spain to continue tough line

BY DAVID WHITE IN MADRID

THE OECD has urged Spain's Socialist Government to continue with tight economic policies and to ensure that real wages are brought down.

In a report released here yesterday, the Paris-based organisation also hints that Madrid should pay more attention to its budget record and to possible contradictions between fiscal and monetary policies.

The report, the first OECD study on Spain since the Socialists took power in late 1982, says there is "no viable alternative" to the monetarist strategy being pursued by the Government if production and jobs are to recover in the medium term.

Its conclusions have been eagerly seized upon by the Madrid authorities at a moment when business is smarting over tough new laws to clamp down on tax evasion, and trade unions over the Government's job-creation record. The report was not originally due to have been published until next week, but the Government overrode the wishes of the OECD secretariat and insisted on releasing it early.

While mainly backing the Government's efforts to tackle structural flaws, the OECD warns that real earnings have so far not fallen, despite an unemployment rate of over 19 per cent. It contrasts this with other OECD countries, where real wage increases stopped when unemployment reached a much lower threshold, and urges the Government to press ahead with labour reforms, relaxing the rules on hiring and firing workers.

The first OECD study on Spain since the Socialists took power in 1982 says there is no viable alternative to the Government's monetarist strategy if production and jobs are to recover in the medium term. Real wages should be reduced and government spending cut to bring down the budget deficit.

To bring down the budget deficit, the Government will have to resort principally to cuts in spending, the report says, including social security benefits. It call for a "major overhaul" of the social security system to reduce the growing costs of pensions and health services.

At the same time, it points to rising subsidies to public sector companies and urges "rapid action" to remedy the "critical financial position" of state enterprises, which have not so far been included in industrial restructuring programmes.

"Failure to reduce the borrowing needs of the public sector would seriously jeopardise the desirable goal of gradually liberalising the Spanish financial system," the report cautions. The OECD also issue a warning about the cost of Spain's regional devolution process to the state budget.

Overruns in the budget—for which the Government target is a deficit equivalent to 5.5 per cent of GDP this year—would lead to an excessive restriction of credit to the private sector and to higher interest rates, it warns. These, in turn, would risk attracting unwanted capital and pushing up the peseta exchange rate.

The report makes an optimistic forecast for Spain's balance of payments, predicting a current account deficit of $0.5bn (£357m) for this year, compared with $2.5bn last year. But the OECD is less sanguine than the Government on prospects for overall growth, investment, and jobs.

It forecasts economic growth of 2 per cent this year, slightly down on last year's 2.2 per cent, and 2.5 per cent in 1985. This compares with the Government's forecast of 2.5 per cent this year.

Sr Miguel Angel Fernandez Ordonez, Secretary of State for the Economy, said yesterday that the Government stood by its target and expected both exports and domestic private consumption to perform better than the OECD report predicts. The OECD estimates export growth at 10 per cent, with private consumption stagnating this year.

The report also falls short of Government expectations by forecasting a zero increase in gross fixed investment this year, with an upturn in 1985, and a decline of 0.6 per cent in total employment.

The OECD sees the unemployment rate continuing to edge up before stabilising at close to 20 per cent in the course of next year. Inflation is forecast at an average of 10 per cent, against 12.1 per cent last year.

The Government, which expects the May inflation figures to be similar to the previous month's 0.6 per cent increase, says that is in line with its aim of an annual rate of 8 per cent at the end of the year. Sr Fernandez Ordonez said that wages, with increases averaging about 7.5 per cent in this year's pay agreements, had already taken an important turn towards moderation.

FINANCIAL TIMES, USPS No 190640 published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second class postage paid at New York, NY and at additional mailing offices. POSTMASTER: send address changes to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Basque senator took flag shown as war trophy

By Our Madrid Correspondent

A VETERAN BASQUE nationalist politician has singed the beard of Spain's military establishment by stealing an exhibit from the army museum in Madrid, where, according to him, it had no right to be.

Sr Joseba Elosegui, aged 77, who won fame in 1970 when he set fire to himself in front of General Francisco Franco, yesterday claimed responsibility for the theft on Wednesday of a Basque flag which was on display as a Civil War trophy.

Since Sr Elosegui is now a senator for the powerful conservative Basque Nationalist Party, he cannot presumably be prosecuted unless the Senate agrees to lift parliamentary immunity.

Sr Narcis Serra, the Defence Minister, yesterday called on the chief state prosecutor to look into the case of the missing flag. Sr Elosegui was an officer in the Basque forces during the Civil War.

The museum, which keeps a section of Franco souvenirs, had the flag on display among "emblems of the Republican faction during the War."

'84 summit casts cosy uncle as Big Brother

By Max Wilkinson

THE FACE of Sir Geoffrey Howe projected 15 feet high in full technicolour was an impressive image to offer the 3,000 journalists attending yesterday's 1984 economic summit in London.

Sir Geoffrey zoomed on to the big screen to the swell of an electronic organ as a Star Wars image of the earth base spun away into a starlit sky.

Thus will it be no doubt, when a world government is eventually established on Earth, and its leaders wish to communicate soothing sentiments to the people.

Sir Geoffrey, to be sure, was better cast as a cosy uncle than Big Brother when he was relayed yesterday lunchtime by special closed-circuit television from the sharp end of the proceedings at Lancaster House to the hoards of world Press huddled into the shabby splendour of gilt cornices and mirrors in the Connaught Rooms, the best part of a mile away.

Fruits of Versailles

The TV link, with an Orwellian proliferation of screens in every room was part of an ambitious technological showcase which has become almost obligatory for host countries to mount at a summit meeting.

This custom became really established at the Versailles summit in 1982 when President Francois Mitterrand of France wanted technology to be one of the main themes for discussion and an especially French Marvel for journalists to wonder at.

The fruits of the summit leaders' deliberations on technology two years ago dropped on a waiting world yesterday though the actual equipment at Versailles, like other French initiatives, was rather a flop.

This year British Telecom put in 1,000 lines with 100 telephones and 200 yellow pay phones, voice pagers, fax machines, computer and message links, all in only four days, they say. This turn of speed, perhaps some 1,000 per cent faster than many customers can expect, was of special help to one senior British columnist who took advantage of the massive British Telecom presence at the summit centre to try to get someone to fix his home phone.

Free ties and beer

The electronics included a sophisticated computer with terminals provided by Rediffusion able to store and even print out messages for those journalists unmuddled enough to remember the relevant code numbers. It also provided a general electronic notice board which showed inter alia the times of all Press briefings except, of course, the important ones, which were not advertised at all.

This summit provided a platform for more than 60 British companies, including a group under the umbrella Food From Britain, to provide for all journalists' needs and desires from ties to briefcases and naturally, free beer.

However, a brief survey showed most participants wearing their own ties in the traditional half mast position and a majority drinking black coffee.

All the electronic sophistication, particularly the TV link and the big screen, seemed to emphasise that perennial question of whether the media are there for the summit or the summit is mainly for the media.

Sir Geoffrey's earnest features, ten times larger than life, assuring everybody that the leaders had made a clear commitment to pursue the course of non-inflationary growth and to fight protectionism seemed somehow to emphasise the latter point.

Summit Sherpas

And in the main meeting hall in Lancaster House the Sherpas, as the top officials are called, use electronic pens to write notes on a pad which will relay their thoughts direct to screens in outer rooms from whence by TV links or taxi, after suitable attenuation, they are redistributed to the world's Press.

However, the British hosts on other occasions made valiant attempts to uphold the old tradition that summits are exclusive gatherings of the great from which journalists may only expect a few crumbs of surplus information.

The scene upstairs in the White House Press room was less serene. As officials issued a handout in which Mr James Baker, the White House Chief of Staff maintained the summit had seen "very little beating up on the President" over high U.S. interest rates, the American correspondent started "beating up on" his spokesman, Mr Larry Speakes.

The unfortunate Mr Speakes had on Thursday claimed to have no information on the health of Soviet dissident Andrei Sakharov shortly before Mr Robert Macfarlane, Mr Reagan's National Security Adviser, privately informed a small group of reporters that Moscow had assured Washington he was still alive.

The White House reporters *dislike briefings to selected journalists.*

Thatcher insists on need to keep fighting inflation

BY PHILIP STEPHENS

THE LONDON 1984 ECONOMIC SUMMIT

MRS THATCHER, the Prime Minister, yesterday sought to shake up the summit leaders in their deliberations on the world economy with a firm reaffirmation of the need to maintain their present policies for non-inflationary growth.

Speaking as the summit's host, she also outlined what she said *should be the West's* strategy in tackling the serious and pressing debt problems of the developing world.

In a keynote speech which Britain expected would set the tone for the final summit communique she detailed five priorities for sustaining the world recovery. Anti-inflation policies, at the heart of the West's economic strategy for the past five years and based on tight control of public borrowing and monetary growth, would remain essential.

"The strategy is the right one; and we intend to stick to it," Mrs Thatcher said. She also underlined the need to reduce the high level of world interest rates, but was careful to avoid direct criticism of the U.S. budget deficit.

The Western nations would have to pay particular attention in coming years to restraining public spending, meeting humanitarian needs but curbing unrealistic expectations among their populations.

The *third priority was to tackle the problem of mounting* indebtedness among developing nations. There is no painless solution but there are a number of ways to show the developing world it is manageable, she said.

Debtor countries must take measures to adjust their economies to international conditions but commercial banks and institutions could help.

Among measures that commercial banks might consider could be longer term rescheduling of debt where developing nations have begun to restore confidence, while the banks should be encouraged to find ways to strengthen their balance sheets.

Direct investment by rich nations would also ease the debt burden and the industrialised world could be encouraged to step up equity finance if there were an international agreement on investor protection.

Finally, the leading international financial institutions might be asked to gear their lending to the performance of borrowers and to act as a catalyst to attract private capital, Mrs Thatcher said.

"We must from this summit show that, with all parties working together, we can create a *framework* for action over the years ahead, which gives hope to the debtors and creditors alike that their problems can be overcome and confidence restored."

The fourth priority identified by the Prime Minister was the need to adapt Western societies to the pace of technological *change. Unemployment could* only be reduced if more scope were given to private enterprise and restrictive practices in industry were reduced.

Governments, however, must recognise that the need for change and technical advance had to be tempered by an understanding of the impact on the environment.

The speech drew a broad welcome from the other summiteers but, as in many previous such gatherings, M Francois Mitterrand, the French President, adopted a significantly different approach.

He emphasised the need for a much more positive strategy towards the developing world with fresh efforts by international institutions to reduce the debt burden.

High U.S. interest rates were at the centre of the world debt crisis, he said, and the industrialised nations must further step up their pressure on Washington to cut the U.S. budget deficit and establish a more balanced relationship between *its fiscal and monetary policy.*

M Mitterrand also renewed his calle for an international monetary conference to overhaul the world financial system.

Hugh Routledge

President Mitterrand of France shares a joke with (left to right) Sig Guilio Andreotti, the Italian Foreign Minister, Mr Pierre Trudeau, the Canadian Premier, M Gaston Thorn, President of the European Community and Sig Bettino Craxi, the Italian Premier

Declaration of faith in freedom

THE SEVEN HEADS of state or government, together with the President of the EEC Commission, yesterday agreed and issued a "Declaration on Democratic Values."

It affirmed their "commitment to the values which sustain and bring together our societies."

"We believe in a rule of law which respects and protects without fear or favour the rights and liberties of every citizen, and provides the setting in which the human spirit can develop in freedom and diversity."

"We believe in a system of democracy which ensures a genuine choice in elections freely held, free expression of opinion and the capacity to respond and adapt to change in all its aspects.

"We believe that, in the political and economic systems of our democracies, it is for governments to set conditions in which there can be the greatest possible range and freedom of choice and personal initiative; in which the ideals of social justice, obligations and rights can be pursued; in which enterprise can flourish and employment opportunities can be available for all: in which all have equal opportunities in sharing in the benefits of growth and there is support for those who suffer or are in need; in which the lives of all can be enriched by the fruits of innovation, imagination and scientific discovery; and in which there can be confidence in the soundness of the currency.

"Our countries have the resources and will jointly master the tasks of the new industrial revolution.

"We believe in close partnership among *our countries in the conviction that this will* reinforce political stability and economic growth in the world as a whole. We look forward for co-operation with all countries on the basis of respect for their independence and territorial integrity, regardless of differences between political, economic and social systems. We respect genuine non-alignment.

"We are aware that economic strength places special moral responsibilities upon us. We reaffirm our determination to fight hunger and poverty throughout the world.

"We believe in the need for peace with freedom and justice. Each of us rejects the use of force as a means of settling disputes. Each of us will maintain only the military strength necessary to deter aggression and to meet our responsibilities for effective defence.

"We believe that in today's world, the independence of each of our countries is of concern to us all. We are convinced that international problems and conflicts can and must be resolved through reasoned dialogue and negotiation and we shall support all effort to this end.

"Strong in these beliefs, and endowed with great diversity and creative vigour, we look forward to the future with confidence."

Seven to agree research pact

BY PETER RIDDELL, POLITICAL EDITOR

THE SEVEN NATIONS are expected to agree upon an initiative for further research into means of limiting environmental pollution of air, water and the ground.

The communiqué is expected to call upon the working group on technology, growth and employment to identify possible projects for industrial co-operation to develop cost-effective techniques to reduce environmental damage.

The group will report in time for the next economic summit in Germany, though there will be a multilateral conference in Munich later this month.

In a *special summit report* published yesterday, a number of blockages to the spread of new technology in industrialised countries have been identified.

Mrs Margaret Thatcher, the British Prime Minister, presented the Report of the Technology, Growth and Employment Working Group which was set up at the Versailles summit two years ago.

The group consists of senior scientific and technological advisers in the seven summit countries and this year has been meeting under the chairmanship of Dr Robin Nicholson, the chief scientific adviser to the Cabinet Office.

At the last summit in Williamsburg a year ago 18 areas for international co-operation were identified mainly covering energy and advanced technology. The report lists what has happened in the various working groups.

The report notes a number of obstacles to the introduction of new technologies, in particular to the maintenance of a free flow of international trade in high technology products compatible with the security interests of the summit countries, and to the acceptability of new technologies generally in society and the workplace.

The report mentions the problem of the possible *military application of high technology* components, products and production know-how and the need for effective controls over the destination of such products.

The group has also drawn attention to various environmental protection issues and recommends research into the processes involved in acid deposition, the safe storage and disposal of radioactive marine environment, the world climate, and the development of more efficient energy generating technologies. But the working group has not recommended any new project areas, beyond the 18 already agreed.

In relation to the existing 18 areas for collaboration, the report notes "significant progress" in the establishment of effective international networks between research institutes.

In relation, for instance, to aquaculture, the report notes that "arrangements are in hand for a workshop on shellfish to *be held in France,*

Takeover panel call on share price rises

By John Moore

PUBLIC COMPANIES which have received a takeover approach should make an announcement if there is an increase of 10 per cent in their share price, the Panel on Takeovers and Mergers said in its annual report published yesterday.

The panel said a considerable number of offer announcements were preceded last year, as in previous years, by a rise in the share price of the company which had received the takeover approach.

"Typically, the price rise may start anything up to a week or two before the announcement, although in most cases where there is a considerable rise it takes place in the 48 hours before the announcement."

It often appeared to be the case, the panel said, that so many people were made aware of the possibility of an offer before an announcement was made that the chances of a leak, albeit inadvertent, were extremely high.

The panel emphasised that it was important to keep to a minimum number of people who were informed. They should be informed — only if and when it is absolutely necessary."

In the absence of special factors, the panel said it would consider that an announcement was required if there was an increase of 10 per cent in the share price. If there was any doubt, the panel's executive should be consulted.

It emphasised that a statement that talks which may or may not, lead to an offer were taking place would normally satisfy the takeover code's requirement.

Close fight in SE elections

By Our City Staff

A CLOSELY fought election for places on the Stock Exchange Council is expected with 16 candidates standing for the 13 seats allocated to London members. Among the nominations are 11 seeking re-election and five new candidates. Those seeking re-election have to retire by rotation.

The five new candidates nominated so far are Mr Hengist Bradshaw, of Vivian Gray; Mr Jonathan Miller, of Fielding Newson-Smith; Mr Kenneth Carter, of de Zoete & Bevan; Mr Keith Goldie-Morrison, of Keith Bayley Rogers & Co; and Mr John Harkness, Earnshaw Haes & Sons.

... Among those 11 seeking re-election is Sir Nicholas Goodison, the Stock Exchange chairman and senior partner of brokers Quilter Goodison.

A steering committee of smaller brokers seeking consultation about proposed structural changes for the *British securities market* — largely led by Seymour Pierce —have yet to announce which candidates they will support.

Meanwhile, the Stock Exchange yesterday announced a series of appointments following reorganisation of its administrative services. Mr Michael Baker, director of administration, becomes divisional director of an enlarged settlements services division.

Mr John Young, director of policy and planning, is to be divisional director responsible for policy and markets, and Mr Stephen Carter, controller of audit services, has been appointed financial controller.

Bouygues likely to win Clyde yard deal

By Mark Meredith, Scottish Correspondent

BOUYGUES OFFSHORE, part of the French construction and civil engineering conglomerate, is favoured to take over the UIE offshore fabrication yard on the Clyde near Glasgow.

An announcement could come next week, although a number of UK companies have expressed an interest in UIE. Its French parent company, Amrep, went *into* liquidation at the end of May.

Bouygues had earlier expressed an interest in taking over Amrep but then said it might take over some subsidiaries instead.

UIE, with a workforce of 750, has a high reputation in the offshore field although the troubles of its parent company meant that it failed to win an important contract from Britoil to produce drilling sections for its Clyde field project.

Britoil was worried that money paid to UIE might be caught up with efforts by receivers at Amrep to pay creditors.

Vauxhall warns of lay-offs in nine days over strike

BY JOHN GRIFFITHS

VAUXHALL car workers learned yesterday that they have nine days—to June 18—before the General Motors subsidiary lays off employees because of the West German metalworkers' strike.

The company warned the Luton and Ellesmere Port car plants last week that it could not guarantee production beyond yesterday.

Ford, which has lost assembly at Cologne—the sole source of Granadas and Capris—is reviewing UK operations daily. Austin Rover claims to have reasonable stocks of the Volkswagen gearbox fitted to the Maestro and Montego, the only major component from West Germany on which it depends.

The two Vauxhall plants employ 7,600 assembly workers who build 750 vehicles a day, mainly the Cavalier at Luton, and Astra at Ellesmere Port.

General Motors' other principal assembly plant, at Antwerp in Belgium, ceased assembly last week. It supplied about 10 per cent of the 120,000 cars Vauxhall sold in the first four months of this year, while a further 32,000 cars were imports from West Germany. Even the cars which Vauxhall builds in the UK are heavily dependent on West German components.

Manufacturers are reluctant to say when model supplies may dry up.

Most fuel-injected models depend on Robert Bosch—one of the first companies to be hit by the strike—and they will be the first to disappear from the market. The exception is Austin Rover which uses Lucas *fuel* injection for its MG Montego.

Motor traders may be consoled by the belief that a shortage of models gradually would halt the heavy discounting in the UK new car market.

BAe wins MoD contract to develop Seawolf missile

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH Aerospace's Dynamics Group has been awarded a £130m-plus fixed-price contract by the Ministry of Defence for the development of the vertically-launched Seawolf guided missile system.

This system has been selected by the Royal Navy as the anti-missile defence for its new Type 23 frigates.

The overall value of contracts for the vertically-launched Seawolf is likely to be more than £250m, covering all ancillary equipment, including radars and *installation.*

Announcing the contract yesterday, the Dynamics Group through its Bristol Division, said it would be prime contractor on the venture, working with a substantial number of companies throughout the UK aerospace and defence industires.

The group's plants at Bristol, Stevenage and Bracknell, as well as IMI Summerfield, would be involved in making the missile. For the launcher, the Bristol Division is involved. The radar tracker would be produced by Marconi Radar Systems.

The vertically-launched Seawolf would give warships at sea an improved defence against enemy missiles. The programme builds on the surface-to-surface anti-missile Seawolf system, *proven* in combat.

The Dynamics Group said yesterday that the contract combines development, evaluation and production. It follows a £10m advanced-funding contract from Ministry of Defence, signed this year.

BCal fare plan favoured for Amsterdam route

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE CHEAP £49 return air fare between London and Amsterdam may be offered from July 1 only by British Caledonian *and Air UK, the independent airlines, unless British* Airways and KLM, the Dutch flag carrier, amend their conditions of sale.

This emerged yesterday following extensive consultations over the past two days between the airlines involved and the UK and Dutch transport ministries.

It follows the breakdown of talks between the airlines on Wednesday which were aimed at reaching agreement on conditions of sale of the new fare which would cut by nearly half the cheapest return rate.

It appeared yesterday that the Transport Department favoured British Caledonian's less restrictive conditions for offering the *fare more than the BA/KLM* proposals.

BCal is prepared to offer the fare on every flight up to a maximum of 500 seats a week with a cancellation clause as the only restriction.

BA and KLM were seeking to offer the fare on virtually a standby basis, expecting passengers to buy a ticket in advance and telephone the relevant airline the day before departure for seat allocation.

The Transport Department appears to believe that the BCal approach is more in line with its own desire to see cheaper air fares in Europe.

Camputers to be liquidated

BY RAYMOND SNODDY

CAMPUTERS, manufacturers of the Lynx microcomputer, is to go into liquidation, it was decided after a meeting of creditors yesterday.

Mr Ladislav Hornan, of Hacker Young accountants, has been appointed joint liquidator of *Camputers and G W Design* Services, the main operating subsidiaries of Camputers (Holdings). Trade creditors are owed around £900,000.

The move follows the collapse earlier this month of two other previously fast-moving British microcomputer companies, Dragon Data and Tycom.

Mr Hornan said he believed Camputers had good products. He hoped to sell the company as a going concern, even though three British microcomputer companies were now looking for buyers.

The UK home computer market is expected to double this year, with sales of 3m. But competition is intense and margins are being squeezed.

The holding company of Cambridge-based Camputers had hoped to find a purchaser before yesterday's creditors' meeting. Less than a year ago Camputers raised £900,000 to fund further expansion and development of its products.

Receipts by building societies fall

By Margaret Hughes

BUILDING societies' receipts from savers fell again last month—the third successive drop since they lowered interest rates in March.

Figures from the Building Societies Association are expected to show net inflow in May was just under £500m. This was the lowest since last June, when societies were forced to increase interest rates to reverse the decline in receipts. May's level is only a little more than half the funds invested in societies in February.

Receipts fell to £729m in March, to £838m in April and now to £500m. The June inflow is expected to be even lower as savers use their cash for holidays.

Mr Herbert Walden, the association chairman, said yesterday that the returns were as expected. Barring any dramatic fall in receipts, which he did not forsee, there were no plans to increase interest rates.

Much would depend on market rates, and the association would be carefully watching market movements after this week's economic summit.

Mr Walden said societies were cushioned by their move to run down liquidity following the change in gilts taxation. Through this, the societies plan to add another £200m a month to their mortgage funds pool.

They are also able to turn to the wholesale market to top up any shortfall in retail deposits. In May societies raised £250m from this source, while in March and April they repaid more than they borrowed.

If receipts continue to fall societies will come under increasing pressure to adjust their rates if they are to live up to their pledge to meet mortgage demand in full.

Demand continues to rise and in May, mortgage lending is understood to have reached £2bn for the first time. In part this reflects further advances to existing borrowers anxious to beat the June 1 VAT deadline for home improvements.

BR service centre

A service centre for British Rail's signal and telecommunications department has been opened in York by Mr Bob Reid, BR chairman.

The £1.5m centre, built on a site formerly occupied by railway sidings west of York station, will be able to carry out repairs and reservicing on a range of signal and telecommunications equipment for all five BR regions.

CABINET DEBATES RATES BILL CONSEQUENCES

Haggling over aid for councils

BY ROSIN PAULEY

GOVERNMENT computers are running hot to try to analyse just how much extra cash will have to be added to the 1985-86 public spending totals because of the Rates Bill.

The Prime Minister and her Cabinet colleagues have now accepted that the Rates Bill, which would give the government power to limit the rate rises of high-spending councils, would add to public spending totals initially, although they hope for net reductions in later years.

Even so, the Bill has aroused fierce opposition which spread as far as government ranks in the Commons and provoked argument between ministers.

The problem is being examined by a sub-committee of the Cabinet's economic committee. This E (LA) sub-committee is chaired by Viscount Whitelaw. At a recent meeting, it agreed that computer runs should be made on a series of options of aid for Mr Patrick Jenkin, the Environment Secretary, who is responsible for the Bill's parliamentary passage. These ranged from about £600m to £1bn. The sub-committee will meet again next week.

The aid is required because of a promise by Mr Jenkin, during the rate support grant debate, that the pressures on lower-spending shire councils could be eased once the Bill had been enacted. An additional cost would be the technical changes to *targets for* council spending, which would arise from operation of the Bill when law.

The cabinet sub-committee must find a settlement well before mid-July, when the list of councils to be rate-capped will be announced along with the targets and penalty regimes for all other councils for 1985-86. Ministers on both sides are anxious to avoid the embarrassment of taking the issue, unresolved, to Cabinet.

Civil servants feel that ministers from both sides made tactical mistakes at the last meeting. It is clear from all the analyses that Mr Jenkin needs about £1bn to avoid severe difficulties arising from the Rates Bill. It is also clear that the final settlement, on what is *essentially a political issue* arising from proposed Government legislation, should not be seen as a victory or loss from either side.

With this in mind, Mr Peter Rees the Treasury Chief Secretary, was advised by his civil servants to make a fairly generous opening bid, and Mr Jenkin was advised to start with a bid for a high level of aid, so that they could quickly find agreement.

Mr Rees made the mistake of starting too low, offering less than £500m. Mr Jenkin opened with £1.25bn but immediately said he would settle at a much lower sum and took the debate into the region of £1.1bn to *£1bn. This was then supposed* to be his bottom line.

He is now digging in hard at £1bn but has given away what was supposed to be his room for manoeuvre in coming meetings.

Mr Rees found himself outnumbered. His principal supporters appear to have been Mr Nicholas Edwardes, the Secretary for Wales, and Mr Kenneth Clarke, representing Mr Norman Fowler, *the Social* Services Secretary.

Ministers from the latter's Department usually oppose giving more money for local government early in the year on the grounds that the ministry needs more scope to provide more cash in the autumn for the National Health Service.

Mr Jenkin was not only supported strongly by ministers for transport, education and *(in absentia)* the arts, but also by Mr Leon Brittan, the Home Secretary. He used to be deeply unsympathetic as Chief Secretary to arguments about local government spending but now succumbs to the strong pressure from his *civil servants,* who point out that local government money is money for police, law and order.

Although a settlement in the £800m to £900m region now looks more likely, it is still possible that the meeting next week will agree to £1bn extra, leaving £2.75bn in the contingency fund for other departments.

UK NEWS

Austin Rover dealers face sacking threat over sales

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

AUSTIN ROVER, BL's volume car subsidiary has warned 50 dealers that if their sales performance does not improve they will be sacked.

The warnings come at a time when General Motors, the Vauxhall Opel group, threatens to push Austin Rover into third place in the UK car sales charts. In May, GM achieved a 15.6 per cent market share while BL's was 14.4 per cent.

Mr Mark Snowdon, Austin Rover's managing director, commercial, said yesterday he believed about 30 of the dealers under notice would have to leave the 1,400-strong network.

Austin Rover was not too worried about its May sales performance because for the year so far it was on target with a share of 18.46 per cent against GM's 17.7 per cent. "But some of our dealers are not trading aggressively enough," Mr Snowdon said.

The company has pushed through a reorganisation of its network, cutting the numbers by about 20 per cent in the past two years. It feels new cars like the Maestro and Montego enable it to be more selective in the dealers it chooses.

Mr Snowdon claimed the Austin Rover network was not the most profitable in Britain as dealers kept more profit per car than those representing any rival, including Ford, the market leader with a 28.17 per cent share so far this year.

The reorganisation represents a transformation for the network. Before the Maestro was launched 15 months ago, half the Austin Rover dealers were incurring losses, 30 per cent were breaking even, and only 20 per cent were profitable.

Austin Rover also confirmed it is to drop the Triumph permanently from its car range. The Triumph Acclaim, to be replaced later this month with a small Rover model, will be the last of the line.

The company will use the Austin name for small and medium cars and the Rover badge for medium and large models.

Mr Snowdon said international research had shown these names had the strongest image of those available to Austin Rover.

The aim is to create a clearer image for both the company and its cars, particularly in continental markets. Research had established that on mainland Europe, the Triumph name primarily conjured up an image of small, cheap sports cars. Ironically, the decision has been made when Triumph should be celebrating its 100th anniversary.

ITV delays plans for morning programmes

By Raymond Snoddy

ITV COMPANIES are about to postpone plans for expansion of daytime television.

They were unable to agree with the Independent Broadcasting Authority on how the move should be financed through increased advertising time.

It had been planned that next autumn ITV schools programmes should be transferred to Channel 4 and the ITV network would broadcast general entertainment in the morning after TV-am.

To pay for the change, the companies wanted additional advertising in the morning plus the compensation they now get for producing schools programmes.

The IBA decided that such compensation, given in extra advertising time, should go to Channel 4 with the schools broadcasts.

The Independent Television Companies Association Council is expected to decide on Monday to postpone the start of morning television until at least autumn 1986. But it is expected to approve expansion of broadcasting on Channel 4.

A compromise has been worked out in which Channel 4 would begin broadcasting at 2.30 pm instead of 4.55 pm on weekdays. Programmes would also begin earlier at the weekend.

Channel 4 would also like to extend its later hours, showing films until 2 am. The extension of late hours, which would increase manning costs for the main companies, has been postponed at least until next year.

A further factor on the expansion of morning television, is that competition is less intense than expected. The ITV companies believe the BBC does not have the resources for a big increase in morning programming.

Serious morning competition from cable television is also seen as further off than thought.

News programme dropped by BBC

By Raymond Snoddy

THE BBC has decided to drop its much criticised early evening news programme, Sixty Minutes.

The programme will be replaced by an extended 6 pm news bulletin which will run for 25 minutes followed by regional magazine programmes.

The BBC said yesterday that the aim was to have harder news and current affairs content. The new programme will probably be called the Six O'Clock News.

Mr Ron Neil, the editor who successfully established the BBC's breakfast television programme, will be editor of the new programme.

He will be replaced at Breakfast Time by Mr David Lloyd the current editor of Sixty Minutes.

The BBC gave assurances yesterday that the changes would not result in job losses. Mandatory union meetings were called by journalists, however, and threats were made to black out both Sixty Minutes and Newsnight.

Mr Bill Cotton, managing director of BBC Television, promised there would be a strengthening of current affairs on BBC Television. A new challenge to ITV's Weekend World with the working title Sunday Supplement is planned.

Newspaper in novel venture

By Alan Pike, Industrial Correspondent

THE MAIL on Sunday, in a modern version of the Victorian practice of serialising books in newspapers, will provide its readers with a complete new novel in part-work form.

First Among Equals, by Jeffrey Archer, will be published as a separate supplement. The 160,000-word book will be produced in four parts, starting next Sunday, June 17.

Mr John Winnington-Ingram, managing director of The Mail on Sunday, said yesterday the publication of a novel in part-work form was an important landmark in newspaper history.

"We are confident that the series will have a very substantial effect on sales of the paper and bring us even closer to our longer-term circulation goals."

The Mail on Sunday was launched by Associated Newspapers two years ago. After a difficult start it has established itself, following a re-launch and the introduction of a colour magazine.

Distribution of First Among Equals with the newspaper is part of a trend towards the publication of books in magazine format.

The hardback edition of the novel will be published by Hodder & Stoughton early next month at £8.95. There are indications that the production of a book in various forms enables publishers to attack different markets and increases demand.

Thorn fund trustees win tax appeal

AN ATTEMPT by the Inland Revenue to levy capital transfer tax on a trust fund set up by the late Sir Jules Thorn, president of Thorn Electrical Industries, for his daughter, Ann, failed in the High Court in London yesterday.

Mr Justice Nicholls allowed an appeal by the trustees of the fund set up in 1947 for Mrs Ann Ryland.

The Inland Revenue had argued unsuccessfully that, under a 1964 court-approved variation of Mrs Ryland's fund, tax had become chargeable on 50 per cent of it when the eldest of her three daughters, Nancy, became 21 in August 1976.

Government faces setback over GLC

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT is determined to press ahead with its Bill to abolish next year's elections to the Greater London Council and the metropolitan county councils, even if it suffers a defeat when the Bill comes up for a second reading in the Lords on Monday.

It now seems likely, however, that the Government will certainly suffer defeats during the committee stage in the Lords and will then have to make concessions on the Bill.

As is customary, peers will not vote against a second reading. But the Liberals have put down an amendment which condemns the legislation as a dangerous precedent, which will replace councils with non-elected bodies.

Labour peers and dissident Tory peers will vote with the Liberals and the Social Democrats for the amendment and this could result in an embarrassing defeat for the Government.

Government whips still maintain that they can win Monday's vote but in private it is being conceded that it could be a thin majority.

If there is a defeat the Government will find it impossible to keep the Bill intact during the Lords committee stage.

The measure — the Local Government (Interim Provisions) Bill — abolishes the elections to pave the way for later legislation which will disband the GLC and metropolitan counties altogether.

It is likely that in the committee stage, hostile peers will move an amendment extending the life of the GLC and the six metropolitan counties until they are abolished in 1986.

This will have a good chance of being approved and would mean that the Bill would eventually go back heavily amended to the Commons.

Government whips have sent out letters to Tory peers urging them to attend on Monday. Lord Plummer, the former Conservative leader of the GLC, said yesterday he might vote against the Government.

Tory backbenchers appeal for talks with Argentina

BY KEVIN BROWN

THE GOVERNMENT yesterday faced calls from several Conservative backbenchers in the Commons for direct talks on the future of the Falklands.

A short debate on the South Atlantic was dominated by unease among Tory backbenchers about the slow pace of moves towards a resumption of commercial and diplomatic links.

The debate produced no immediate relaxation in the official line that the war is still too recent for direct contacts. But the hope among the backbenchers who spoke was that such contacts would help to create a climate in which moves towards reconciliation could be expected.

The tone was set by Mr Cyril Townsend (Con, Bexleyheath), who said direct talks were long overdue and accused the Government of being out of step with public opinion. "The public suspects there is a way forward, but wonder if there is a will," he told MPs.

He is also one of three British parliamentarians to visit Buenos Aires this month to speak to members of the Argentine senate. This will be the first visit to Argentina by members of the British political establishment since the outbreak of the Falklands conflict two years ago.

Mr Robert Rhodes James (Con, Cambridge), warned that another war was inevitable unless the two governments moved closer.

Argentina must renounce the use of force against the Falklands, he said. But he warned that "dark forces" were "waiting to pounce" if the democratic experiment in Argentina failed.

Mr Ray Whitney, Foreign Office Under-Secretary, said confidential talks were going on through Swiss and Brazilian diplomats. Britain looked forward to the resumption of direct links, but he warned against sending the wrong signals to Argentina.

TREND OF INDUSTRIAL PROFITS
ANALYSIS OF 92 COMPANIES

THE CORPORATE profits recovery is beginning to look increasingly patchy, with the big advances confined to consumer groups.

That is the main feature to emerge from the profits table compiled from 92 companies in the commercial and industrial sectors covered by the FT Actuaries. The results have been taken from the annual reports of companies with financial years ending between July 1 and September last year. The average annual profits growth of the 92 companies was 21.8 per cent.

The figures are in £m and corresponding results for the previous year are in brackets.

The figures show that the consumer sector increased profits by more than a third, with individual groupings like brewers and distillers and leisure companies showing advances of almost 30 per cent and 49 per cent respectively.

Against this the capital goods sector increased profits by only 5.6 per cent with such groupings as contracting/construction, mechanical engineering and motors recording decreases of between 2 per cent and 20 per cent. This lower level of average profits advance trimmed the average increase for the industrial group to just under a quarter.

Results from the financial group showed property companies with a 20 per cent profits rise, and investment trusts a 3.8 per cent advance. Overseas traders increased profits by a half.

INDUSTRY	No. of Cos.	Turnover (1)	Profits before Int. & Tax (2)	Pre-tax Profits (3)	% chnge	Tax (4)	Earned for Ordinary Dividends (5)	% chnge	Ord. dividends (6)	% chnge	Cash Flow (7)	Net Capital Employed (8)	Net Return on Cap. (9)	Net Current assets (10)
BUILDING MATERIALS	3	480.5 (321.5)	29.3 (20.1)	24.9 (16.9)	+47.3	8.5 (5.6)	16.4 (11.0)	+49.1	5.0 (3.7)	+35.1	19.3 (13.4)	187.2 (142.4)	15.6 (14.1)	121.8 (62.4)
CONTRACTING, CONSTRUCTION	6	459.0 (414.5)	32.7 (34.6)	20.7 (21.3)	−2.8	5.9 (7.0)	14.9 (14.4)	+3.5	5.8 (5.0)	+16.0	16.3 (15.6)	283.0 (261.7)	11.6 (13.2)	132.7 (106.9)
ELECTRICALS	1	31.1 (30.4)	2.5 (2.5)	1.5 (1.2)	+25.0	0.3 (0.0)	1.2 (1.1)	+9.1	0.4 (0.3)	+33.3	1.8 (1.9)	22.0 (20.5)	11.4 (11.2)	8.1 (2.0)
ELECTRONICS	5	931.7 (790.2)	81.6 (64.9)	58.2 (33.1)	+75.8	9.7 (9.3)	44.2 (18.6)	+136.5	5.7 (1.9)	+200.0	94.5 (66.5)	439.2 (375.4)	18.6 (17.1)	192.2 (86.0)
MECHANICAL ENGINEERING	9	1,266.0 (1,271.3)	104.6 (112.3)	84.8 (90.1)	−5.9	28.5 (31.7)	53.6 (56.8)	−5.6	18.4 (19.5)	−5.6	67.1 (64.9)	722.0 (692.1)	14.5 (16.2)	384.7 (316.5)
METALS AND METAL FORMING	3	283.6 (541.5)	9.8 (16.5)	2.2 (7.6)	−70.9	6.0 (3.8)	−3.9 (3.5)	—	4.6 (4.0)	+15.0	0.1 (9.0)	245.6 (243.7)	4.0 (7.6)	87.8 (80.3)
MOTORS	5	2,707.6 (3,300.0)	85.1 (99.0)	39.7 (49.3)	−19.5	16.0 (17.3)	21.8 (25.3)	−13.8	13.5 (12.0)	+12.5	65.9 (66.3)	1,124.5 (1,122.6)	7.6 (8.8)	366.9 (354.9)
OTHER INDUSTRIAL MATERIALS	1	400.2 (402.5)	58.3 (64.4)	46.5 (44.1)	+5.4	18.5 (11.0)	27.9 (33.1)	−15.7	14.2 (13.3)	+6.8	38.5 (39.7)	479.9 (360.9)	12.1 (15.1)	86.6 (57.0)
TOTAL CAPITAL GOODS	31	6,661.7 (6,871.9)	403.6 (405.4)	278.6 (263.9)	+5.6	93.2 (85.7)	176.1 (163.6)	+7.7	67.6 (59.7)	+13.2	301.4 (277.2)	3,503.3 (3,219.4)	11.5 (12.6)	1,311.2 (1,080.9)
BREWERS AND DISTILLERS	7	7,779.1 (7,182.1)	743.6 (648.6)	569.8 (441.7)	+29.0	193.8 (152.3)	361.7 (276.6)	+31.2	114.0 (100.1)	+14.0	426.4 (339.0)	4,880.4 (4,537.6)	15.2 (14.3)	432.9 (436.2)
FOOD MANUFACTURING	4	7,619.1 (6,346.9)	287.6 (211.7)	178.2 (130.9)	+36.1	35.9 (23.6)	136.0 (106.4)	+27.8	40.0 (35.0)	+14.3	159.4 (120.5)	1,862.6 (1,668.5)	15.4 (12.6)	454.1 (383.0)
FOOD RETAILING	3	927.3 (822.5)	45.5 (40.2)	43.2 (38.3)	+12.8	18.1 (17.6)	25.2 (20.9)	+20.6	9.2 (7.9)	+16.5	25.9 (21.6)	159.6 (131.1)	28.5 (30.7)	−24.2 (−8.7)
HEALTH AND HOUSEHOLD PRODUCTS	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
LEISURE	5	301.9 (274.8)	41.7 (30.6)	39.7 (26.7)	+48.7	19.5 (14.0)	20.2 (12.7)	+59.1	8.1 (6.7)	+20.9	25.2 (19.3)	173.7 (143.6)	23.7 (21.3)	23.3 (26.1)
NEWSPAPERS, PUBLISHING	3	499.1 (462.4)	29.3 (22.3)	25.7 (18.0)	+42.8	8.2 (7.5)	17.5 (10.7)	+63.6	6.2 (5.6)	+10.7	25.9 (21.0)	213.0 (203.4)	13.8 (11.0)	33.0 (29.4)
PACKAGING AND PAPER	1	62.2 (33.9)	25.4 (9.5)	24.7 (9.0)	+174.4	4.0 (0.9)	20.7 (8.6)	+155.2	1.7 (1.1)	+54.5	19.6 (6.5)	28.1 (17.3)	90.4 (54.9)	6.5 (0.1)
STORES	3	732.8 (566.1)	69.4 (51.3)	57.2 (35.1)	+62.9	24.6 (9.2)	42.6 (30.8)	+38.0	13.4 (10.0)	+34.0	45.2 (34.0)	434.0 (390.1)	16.0 (13.1)	41.6 (30.6)
TEXTILES	3	89.5 (67.1)	11.1 (10.5)	8.4 (6.6)	+27.3	2.4 (2.6)	6.0 (3.8)	+57.9	1.6 (1.7)	−5.9	5.6 (3.4)	73.9 (69.9)	15.0 (15.0)	33.5 (36.8)
TOBACCOS	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
OTHER CONSUMER	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
TOTAL CONSUMER GRP	29	19,211.0 (15,731.8)	1,263.6 (1,012.7)	956.9 (707.5)	+35.3	306.5 (233.1)	629.8 (469.7)	+34.1	194.2 (166.1)	+16.9	733.2 (567.2)	7,827.3 (7,161.5)	16.0 (14.1)	980.7 (938.5)
CHEMICALS	1	1,701.6 (1,534.2)	222.6 (226.6)	136.8 (154.1)	−11.2	19.8 (19.4)	99.7 (124.1)	−19.7	24.3 (19.4)	+26.3	181.8 (185.5)	2,042.4 (1,687.1)	10.9 (13.4)	250.2 (224.4)
OFFICE EQUIPMENT	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
SHIPPING AND TRANSPORT	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
MISCELLANEOUS	6	3,953.9 (2,914.8)	277.3 (234.4)	199.2 (146.6)	+35.9	49.1 (38.1)	145.4 (104.7)	+38.9	46.8 (33.9)	+38.1	184.9 (145.7)	1,660.9 (1,308.9)	16.7 (18.6)	568.1 (364.7)
TOTAL INDUSTRIAL GRP	67	30,538.3 (26,063.4)	2,167.1 (1,669.1)	1,571.5 (1,272.1)	+23.5	468.6 (366.3)	1,051.0 (862.0)	+21.9	332.9 (281.1)	+18.4	1,401.3 (1,172.4)	15,033.9 (13,396.9)	14.4 (14.1)	3,060.2 (2,562.5)
OILS	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
BANKS	1	— (—)	102.2 (109.2)	86.6 (90.5)	−4.3	14.9 (26.5)	71.2 (63.9)	+11.4	16.7 (15.1)	+10.6	71.0 (62.8)	975.6 (*838.2)	10.5 (13.0)	634.9 (492.9)
DISCOUNT HOUSES	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
INSURANCE (LIFE)	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
INSURANCE (COMPOSITE)	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
INSURANCE BROKERS	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
MERCHANT BANKS	1	— (—)	— (—)	— (—)	—	— (—)	−4.2 (−13.8)	—	— (—)	—	— (—)	*58.4 (*58.5)	— (—)	4.7 (−15.0)
PROPERTY	5	— (—)	94.8 (84.8)	53.8 (44.9)	+19.8	21.6 (17.4)	31.7 (28.9)	+9.7	22.0 (19.8)	+11.1	11.2 (8.6)	1,392.7 (1,239.2)	6.8 (6.8)	33.3 (3.8)
OTHER FINANCIAL	2	— (—)	62.1 (74.1)	22.1 (27.4)	−19.3	10.1 (13.0)	12.0 (14.4)	−16.7	4.5 (3.8)	+18.4	8.9 (11.8)	475.0 (322.1)	13.1 (23.0)	41.0 (34.7)
TOTAL FINANCIAL GROUP	9	— (—)	259.1 (268.1)	162.5 (162.8)	−0.2	46.6 (56.9)	110.7 (93.4)	+18.5	43.2 (38.7)	+11.6	91.1 (85.2)	†2,843.3 †(2,399.5)	9.1 (11.2)	703.9 (517.4)
INVESTMENT TRUSTS	15	— (—)	47.2 (43.1)	38.4 (37.0)	+3.8	14.1 (13.6)	24.1 (22.9)	+5.2	22.8 (21.7)	+5.1	1.4 (1.2)	1,298.2 (891.0)	3.6 (4.8)	−17.4 (−6.2)
MINING FINANCE	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
OVERSEAS TRADERS	2	2,357.8 (3,337.3)	196.7 (169.1)	110.3 (73.7)	+49.7	55.5 (33.5)	39.9 (22.3)	+78.9	24.2 (24.2)	—	50.6 (29.3)	1,341.6 (1,296.8)	14.7 (13.0)	89.1 (53.8)

NOTES ON COMPILATION OF THE TABLE

The classification is that of the Institute and Faculty of Actuaries used in the daily Financial Times—Actuaries Indices.

Col. 1 gives turnover, exclusive of VAT unless otherwise indicated.

Col. 2 gives profits before interest and taxation, that is to say profits after all charges except loan and other interest but before deducting taxation provisions and minority interests.

N.B.—Certain companies, including merchant banks, discount houses, insurance and shipping companies are exempted from disclosing the full information required under the Companies Act 1948.

Col. 3 gives Pre-tax Profits, that is to say profits after all charges including debentures and loan interest but before deducting taxation provision and minority interests.

Col. 4 groups all corporation taxation including Dominion, Colonial and Foreign liability and future tax provisions but excluding adjustments relating to previous years.

Col. 5 gives the net profits accruing on equity capital after meeting—
1—Minority interests.
2—All prior charges—sinking fund payments, etc. and Preference dividends and
3—Provisions for staff and employees pensions funds where this is a standard annual charge against net revenue.

Col. 6 sets out the net cost of dividend on equity capital.

Col. 7 is the capital generated internally over a year's trading. For the purposes of comparison equity earnings plus depreciation less equity dividends is the recognised method of computing this figure.

Col. 8 constitutes the total net capital employed. This is the total of net fixed assets—excluding intangibles such as goodwill—plus current assets less current liabilities, except bank overdrafts.

* For merchant banks and discount houses a more realistic figure to quote is the balance-sheet total.

Col. 9 represents the net return on capital employed. Col. 2 as a percentage of Col. 8 provides an indication of average profitability.

† Excluding merchant banks, discount houses and insurance (life and composite).

Col. 10 net current assets are arrived at by the subtraction of current liabilites and provision from current assets.

‡ No figures given.

British Shipbuilders' chief hopeful after record loss

BY ANDRIANA IERODIACONOU IN ATHENS

BRITISH shipyards can expect to obtain 2 per cent of world shipbuilding orders at most this year, according to Mr Graham Day, chairman of British Shipbuilders. Last year, the UK won less than 1 per cent of new orders and at the end of the year had 1.9 per cent of total outstanding work.

Speaking in Athens, he said BS losses would be much lower in the 1984-85 financial year after an all time high in the year ended March 31.

BS has not yet announced the results, but Mr Day has said the trading loss would be around £120m.

This year's results will not have to bear the heavy losses of the Scott Lithgow offshore construction yard in Scotland, which was recently sold to Trafalgar House. Three small yards have also been closed.

Mr Day, addressing a forum at the Posidonia shipping exhibition, said: "If British shipbuilders, private and public, secure 2 per cent of the world market in the current year, I will be delighted."

War risk costs 'may rise'

BY ANDRIANA IERODIACONOU IN ATHENS

SHIPOWNERS were told yesterday they must be prepared for further increases in war risk insurance costs in the Gulf and even for the end of such cover.

The warning came from Mr C. W. H. Goldie, a partner in the British insurance broking firm of Thomas R. Miller and Son, at the Posidonia International Shipping Exhibition in Athens.

Hull insurance rates were more than doubled from 3 to 7.5 per cent in May for ships going to Kharg Island and Bushiro in Iran.

Mr Goldie said: "War risks insurance is insurance for times of peace, although it is also designed to help shipowners caught up unexpectedly in hostilities. But it is not designed to protect in full-scale and continuing hostilities such as those now developing in the Gulf.

"In such circumstances, the limits of the capacity of the commercial insurance market will be reached sooner or later, reflected first in the ever-higher cost of cover and perhaps ultimately in non-availability of cover." Mr Goldie suggested that insurance might have to be undertaken by governments.

He predicted an increase in the sending to the Gulf of ships of relatively low value, under reduced cover.

ICI plans Swedish biotechnology link

BY DAVID FISHLOCK, SCIENCE EDITOR, AND DAVID BROWN IN STOCKHOLM

ICI is discussing a major biotechnology venture in Sweden with Cardo, the Swedish agri-business group.

The discussions have been disclosed by Cardo, which said the two are considering a joint venture at Landskrona in western Sweden.

Cardo is an agri-business investment group with extensive interests in sugar and seed breeding. It is quoted on the London and Stockholm stock exchanges.

ICI said yesterday it hoped negotiations would be sufficiently advanced within a month to put proposals before the boards. It confirmed it has been seeking a new way of exploiting research in plant science and the genetic engineering of crops.

Its basic science in these areas is seen as ripe for application to the agricultural industry.

ICI's interest is focused on Hilleshög, a Swedish-based Cardo subsidiary specialising in plant breeding. Hilleshög, with about 1,000 employees, has an international reputation. It has a research centre in Sweden and plant breeding facilities in 10 countries, including Britain.

Genetic engineering is the biggest development project of Hilleshög, which is part-owner of specialist genetic engineering companies in Sweden, Belgium and the US.

ICI is looking to its partner primarily for skills in breeding such crops as cereals and oilseed. "We believe we've got biochemical skills. They've got classical plant breeding skills and the marketplace," said Dr Charles Reece, ICI's director of research and the board member involved in discussions.

The discussions have come to light because the Swedish Government has been trying to push Cardo into a joint venture in plant breeding with a co-operative called the Swedish Farmers' Association to strengthen the Swedish seed breeding industry.

ICI has an established business in agricultural chemicals, as a supplier of fertilisers and crop protection chemicals. But it has been trying to exploit more than a decade of research in crop genetics at its central research laboratory at Runcorn.

Its bio-sciences group headed by Dr Ed Dart is spending about £2m a year, including about £450,000 in universities in Britain and the U.S.

"The direction that plant science is developing means a closer collaboration between plant science and chemistry. ICI and Cardo are discussing how such a collaboration might take place," Dr Reece said.

The bio-science group at Runcorn reports directly to Dr Reece. The broad aims of its plant science research include plant growth regulators, the genetic improvement of crop yields, and better resistance to such stresses as cold weather.

ICI management has kept this research independent of the extensive biotechnology activities of the company's agricultural and crop protection divisions in the belief that, if successful, a new commercial mechanism might be required to exploit it.

The Swedish Government and the Farmers Association are discussing merger of their half-and-half-owned Svalöf breeding company with domestic operations of Cardo's wholly owned Weibull seed breeding division, where profits declined last year. Cardo would probably take a minority interest in the newly-formed company.

The strategy is to split Cardo's plant breeding operations into domestic arm partly owned by the Government and concentrating on Nordic markets and an international unit able to compete abroad in co-operation with ICI, said Mr Per Lindblad, the group's managing director.

The group is floating Hilleshög on the Stockholm stock exchange.

An ICI link-up, which will not be finalised before the autumn, could combine Cardo's tissue and cell culture expertise with ICI's biochemistry, molecular biology and DNA techniques, Mr Lindblad said. Further financial details await agreement, not least with the Swedish trades unions, he said.

LABOUR NEWS

Sympathy for the miners but not much solidarity

Philip Bassett and David Goodhart look at transport and steel union support for the pit strike

CALLS BY coal miners for a blockade of supplies to power stations and to halt steel production in support of their strike seem likely to receive only limited support at best.

Soundings in the oil, rail and steel industries yesterday in the wake of the meeting between transport, steel and miners' union leaders which called for the action showed some conscientious, reluctant support—but more often strong scepticism even among union activists that the appeals would yield any action in practice.

Mr Arthur Scargill, president of the National Union of Mineworkers, believes the call for a blockade on the movement of oil and other fuels to power stations and on all coal and coke into steelworks significantly strengthens the solidarity already agreed between the miners and the transport unions.

However, at local level—away from the union leaders' rhetoric—that solidarity has already faltered badly with a lot of coal still being moved by rail to power stations and road-based transport from working mining areas hardly affected.

Oil is the miners' new target. Petrol tanker drivers are in the main more highly unionised, more disciplined and more militant than drivers in the hire and reward haulage sector and so may be more likely to follow the Transport and General Workers' Union's guidance — particularly if it is seen as "tantamount to an instruction," as viewed by Mr Moss Evans, TGWU general secretary.

Mr Geoff Capper, the tanker drivers' representative on the TGWU's road transport committee, said yesterday that many drivers would now recognise that the coal dispute was about more than the mining industry: "They will think: if it's the miners now — then who next?"

Other stewards took a different view — and if the inevitably more militant stewards feel less confident about support, what price the members?

Many stewards pointed to the tanker drivers' refusal to take strike action over their own pay in recent years as an indication of a new, less militant attitude, and all said that the open divisions in the miners' ranks tipped many drivers against taking supportive action.

One BP drivers' shop steward said: "It depends on the directive from the union. If there is a free choice, if people can just put their hands up, then that's not a choice at all — people will have to vote against because of their jobs."

Another steward said: "It's a difficult choice and that's why people have to influence that decision. And that's up to the professional leaders."

Some stewards said they had already held meetings during the present strikes to see what support there was for the miners, but that suggestions for sympathetic action had been defeated, in at least one case by a resounding majority.

The largest steel union, the Iron and Steel Trades Confederation, signalled clearly yesterday that it did not feel bound by the decision to call for a blockade. Mindful of the steelworkers' previous rejections of earlier calls in the strikes, one official said yesterday: "This changes nothing."

The key test of whether the rail unions can translate verbal support into real action on stopping coal movement comes this weekend at Shirebrook rail depot.

Shirebrook is in Derbyshire but much of Nottinghamshire's coal is being moved through the depot on the pit-power station merry-go-round.

A joint NUR-Aslef branch meeting will discuss the points raised at a meeting on Wednesday by Mr Jimmy Knapp and Mr Ray Buckton, the two general secretaries, and then probably take a vote on stopping the movement of coal.

Union officials were last night sceptical about the likelihood of support from Shirebrook. The Aslef branch voted overwhelmingly a month ago to continue working as long as the Nottinghamshire miners were still working. Although some drivers appeared to have been swayed by Wednesday's meeting fewer than half the members of both branches attended.

If Shirebrook was to come out the railmen would be suspended as no freight other than coal is handled by the depot. Aslef has promised to pay basic wages—the NUR has not. The unions hope that a decision to black coal at Shirebrook would have a knock-on effect at the two other Nottinghamshire depots—Toton and Westhouses—which are also still working normally.

British Rail said yesterday that it was now only carrying about one-tenth of the normal load for the time of year and that almost all of that was moving smoothly.

However the unions claim—and it appears with some justice—that there is sporadic support which is stopping the movement of coal in Leicestershire, south Derbyshire, and Lancashire, where the Agecroft pit is still working.

Action by NUR signalmen in the Sheffield area is responsible for the continued use of private road haulage companies ferrying coke from Orgreave to Scunthorpe.

Even Shirebrook is now supplying only Ratcliffe and Marnham power stations with coal—compared with its normal five—because of action by signalmen up the line, according to the unions. BR, however, says that the CEGB wants coal only at those two power stations.

One of the main arguments of railmen wanting to work at Shirebrook is that if they come out the coal will simply be moved by road. Mr Brian Crossland, the TGWU district secretary in Nottingham, admitted yesterday that supportive action by lorry drivers was unlikely. "To be honest, we have been in some difficulty trying to get people to come out," he said.

Other TGWU area offices expressed a little more optimism and may take a tougher line with companies and drivers which break an instruction.

But even they admitted that with the extent of self-employment in the industry it was going to be virtually impossible to stop movement of coal by road.

Oil makes a sticky target for blockade of the power stations

BY IAN HARGREAVES

WHEN THE unions talk about blockading the movement of oil into power stations, they have in mind two distinct targets.

One is the supply of heavy fuel oil, a thick, tar-like substance which has to be heated before it can be pumped and which fires a dozen power stations. Before the strike, most of these stations were either expensive part-timers or white elephants.

The second is the refined oil used in coal fired power stations as a lighting and stabilising fuel — that raises the calorific value and combustibility of coal. Between 3 and 4 per cent of the fuel used in a coal-fired power station is this type of oil.

Movement of refined oils is chiefly by rail and is, in theory, highly vulnerable to picketing. During the 1973-74 miners' strike, interruptions in fuel and stabilising oil supplies caused serious problems for the Central Electricity Generating Board.

In the light of that experience, however, the CEGB is said to have built up large stocks of these fuels inside coal-fired stations.

Supplies of fuel oil will be more difficult to disrupt, since the main oil-fired power stations are sited close to refineries and the fuel oil pumped by pipeline.

The status of the big five oil-fired stations of the CEGB and the one large dual-fired station which is consuming fuel oil, is as follows:

● Littlebrook (on the Medway). Three 660MW units, not yet running at full capacity, takes fuel oil by sea tanker, but not being connected to a refinery has unusually large storage capacity of 0.5m tonnes.

● Fawley (on the Solent, 2,000 MW) fed by pipeline from refinery.

● Pembroke. Fed by refinery pipeline. Four 500 MW units, two in service.

● Grain (Medway). Three 660 MW units). Has refinery-scale storage, but these tanks are filled by sea tanker and then pumped by pipeline.

● Ince (Merseyside) Two 500 MW units, one mothballed and in course of re-commissioning. Refinery-fed.

● Kingsnorth (Medway) Four 500 MW units, dual-fired but running on oil fed by pipeline from Grain storage.

The CEGB also has six smaller units. Three (Northfleet, Belvedere and Brunswick Wharf, with combined capacity of 1,100 MW) are on the Thames and have wharf access.

Richborough (350 MW) is near Ramsgate, but depends on road tankers to move supplies from a sea terminal. South Denes, near Great Yarmouth (250 MW) and Poole in Dorset (100 MW) are both coastal.

The level of fuel oil stocks at the power stations or in land storage is not known, but capacity is thought to be just under 2m tonnes. The CEGB is burning between 320,000 and 340,000 tonnes of fuel oil a week.

CEGB purchases have driven the price of fuel oil higher since the strike began, but this week the spot price has fallen from more than $187 per tonne to $181.5 a tonne yesterday. This may indicate a lull in purchases.

Postal ballot plea by union chief

By Philip Bassett, Labour Correspondent

A SENIOR TUC leader yesterday called on the Government to strengthen its Trade Union Bill to allow unions to opt for postal rather than workplace ballots to elect their leaders.

The call by Mr Eric Hammond, general secretary-elect of the Electrical and Plumbing Trades union, will anger other union leaders who are campaigning against the Bill.

Speaking in London, Mr Hammond said the EPTU opposed the Government's legislative approach to industrial relations. But if ballots were imposed it should be done in a way that would strengthen trade union democracy.

As the Bill has now completed its Commons stages, Mr Hammond appealed to the House of Lords to make the changes—since the Commons "seems too unaware, too uncaring or too timid to show the Government the way."

Referring to the EPTU's ballot-rigging scandal 25 years ago, Mr Hammond said this had been aided by an electoral system which offered wide opportunities for intimidation and fraud.

"Those same opportunities still exist in most unions today," though it was to unions' credit that such scandals remained ...

Golding wins postal backing

BY OUR LABOUR STAFF

MR JOHN GOLDING, a leading right-wing Labour MP, could return to the national executive of the party later this year after regaining his union's nomination.

The annual conference of the Post Office Engineering Union yesterday approved Mr Golding's nomination by 57,000 votes to 31,000. The left-led executive last year declined to support him because of his part in the campaign to remove members of the Militant Tendency from the party. The executive was censured for that decision.

Mr Tony Clarke, deputy general secretary of the Union of Communication Workers, has replaced Mr Golding on the NEC and may not be keen to stand down.

● POEU solicitors have estimated that if the court case against Mercury Communications — due later this year — is lost by the union, costs could reach £500,000. Mercury, the telecommunications rival to BT, last year won an injunction against POEU blacking of interconnection to the main network which the union is challenging.

If the union wins that case there could be similar battles over cable companies (without a BT input) that want to carry telephone messages, and the private mobile phone company.

The Telecommunications Bill has tightened the ruling on interconnect — so even if the court case was won (under the Employment Laws) it could still be unlawful.

● The union conference accepted an executive recommendation to accept System X in electronic exchanges — provided job security assurances are given.

Dispute hits IPC weeklies

BY DAVID GOODHART, LABOUR STAFF

THE IPC group of magazine companies — owned by Reed International — have started to suspend the publication of some weekly magazines because of industrial action by the National Union of Journalists.

More than 1,000 NUJ members have been working to rule and taking two-day a week strike action for the past three weeks in pursuit of a 12.5 per cent rise that would bring their pay closer to Fleet Street rates, shorter working week and paternity leave.

The company has so far refused to move above 7 per cent. The titles suspended as a result of the action are the New Musical Express, Titbits and Tammy. A number of other specialist and technical magazines have had their publication dates delayed and next may see the suspension of Woman and Woman's Own.

Another two-day strike begins ...

THE WEEK IN THE MARKETS

Into calmer waters

LONDON

ONLOOKER

In the event the May money supply figures turned out to be nowhere near as bad as the market had feared. Growth in Sterling M3 was about half what the City expected and concern that another round of base rate rises was imminent proved to be unjustified—leastways for the present.

Apart from an initial spark in gilt prices, however, which allowed the Government Broker to get some of his taps flowing, the market really hasn't reacted in the way the authorities might have liked. The City is still preoccupied with money supply and the size of the PSBR while the trend in the States hangs over the market like the Sword of Damocles. Prices stubbornly refuse to edge up to the level where the GB can get his taps in full swing while next week's batch of statistics—especially the unpredictable Producer Price Index—could pitch the market either way.

After the burst of enthusiasm at the tail end of last week equities have spent the past few days taking one step forward and one-step back. One highlight in otherwise dull times was the performance of the shares of Commercial Union, which have been bouncing around on speculation about a bid from Allianz of West Germany. On Tuesday Dr Wolfgang Schieren, the German insurance group's chief executive, announced that the group was still on the lookout for a UK or U.S. purchase, after failing in its attempt to capture Eagle Star but having pocketed a £147m profit on its Eagle shares along the way. But he denied any immediate interest in CU.

Passing the hat

Having claimed its spot in the new issue queue three months back the 11 per cent slump in the All-Share Index during May caused some nail biting at Ladbroke's. With its share price down to 214p just over a week ago the directors must have been wondering whether they would have to defer the rights issue or substantially lower their fund raising sights.

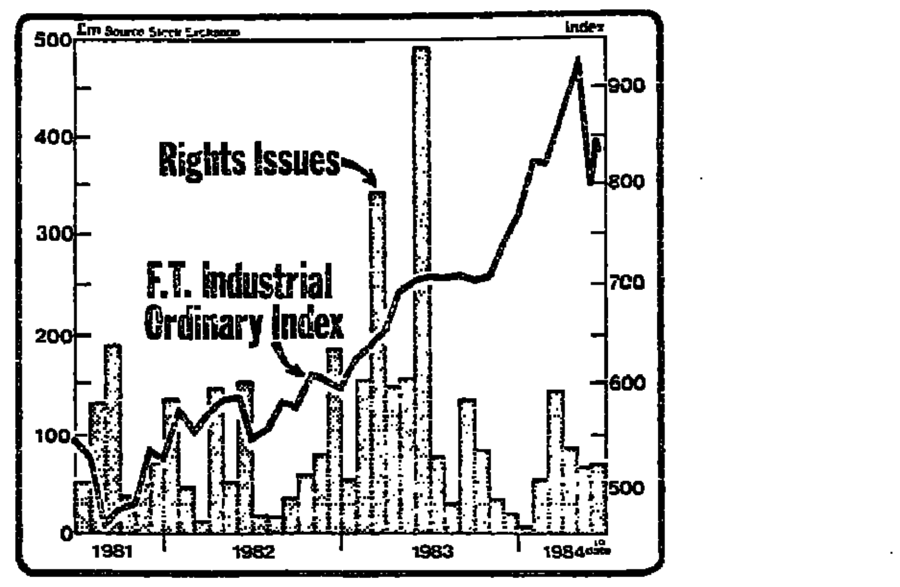
Last week's modest recovery in equity prices, hoisting Ladbroke's shares back up to 230p, was a timely correction. On Thursday the group launched a one-for-five rights at 191p raising £54m. Shareholders should not have been too surprised to find Ladbroke calling on their purses. The last accounts showed debt equal to 80 per cent of shareholders' funds. Yet the issue is not simply a refinancing exercise—the group harbours burning ambitions to extend its property division, particularly in the U.S.

Ladbroke's issue is the second largest so far this year, pipped only by Exco's £68m Rights in March. So far cash calls have been fairly spartan, only £430m having been asked for to date compared to just a touch under £1bn this time a year ago. Still, corporate liquidity is generally such that pressing shareholders for fresh funds is no longer a matter of urgency.

Rather than make a rights issue, as some outsiders had predicted, Marley decided to revive the slumbering corporate bond market this week. Virtually all of Marley's borrowings are on a short term variable rate basis and the group has been waiting for sime time for the opportunity to take long term fixed rate debt on board.

The issue—a 25 year debenture raising £25m—was priced with a yield 1.2 per cent above the usual gilt benchmark of Treasury 13½ per cent 2004-8. The terms looked finely pitched, though the Chancellor's Budget proposals, putting corporate bonds on a par with gilts for capital gain tax, has increased the attraction of corporate sector paper for life insurance groups—still the mainstay of the market.

Other than BAT's unsecured loan stock in January, as partial funding for the Eagle Star purchase the corporate bond market has seen few issues from the industrial sector. Before BAT the last one was from Westland nearly a year ago. Almost all the issues since then have come either from the property or investment trust sectors. Perhaps Marley heralds a revival; at any rate, the very next day Eaton Corporation, a U.S. electronics and engineering group, announced a £35m 2014 dated bulldog—an unusual format for an overseas industrial group.



Rowland v Smith

The latest round in the Lonrho/House of Fraser battle is beginning to look more convoluted than ever. The two companies have been slugging it out for seven years and, despite the ruling of the Monopolies and Mergers Commission in 1981 that a takeover by Lonrho could be expected to operate against the public interest, Mr Tiny Rowland remains as tenacious as ever.

Recently Lonhro put up proposals for the election of 12 new Fraser directors, all, of course, to be nominated by Lonrho. "A cashless takeover" cried Professor Roland Smith, Fraser's robust defender, and Mr Norman Tebbit soon shoved the warring factions back into the lap of the Monopolies Commission. Lonrho has amended its proposals—only four new Lonrho nominees are proposed now—but if it can vote off Prof Smith and his colleague Ernest Sharp when they come up for re-election at the annual meeting the balance will still be swinging Lonrho's way.

The meeting has been postponed but it cannot be held off indefinitely. Meantime the Commission has asked Lonrho not to upset the status quo. Mr Rowland has not yet responded and in the final analysis the Commission can always turn to venting Lonrho pushing its resolutions. But then surely Lonrho could argue that would Mr Tebbit for an order prebe upsetting the status quo.

Highlighting Hanson

Helped by a price that largely defied the gravitational pull of last month's shake out in the equity market, Hanson Trust's shares outperformed the market by around 50 per cent over the past year. Half-time figures out this week lent some justification to the rerating though there are some in the City that still believe the shares have been overplayed and recommend switching into other less highly rated conglomerates.

That seems a harsh judgment for a group that turned in almost doubled profits for the six months to March at £64.4m against £33.9m, looks set to make around £150m for the year compared to £91.1m and could breach the £200m mark the year after. The compound growth rate so far this decade has been around a third and that looks to be accelerating. So there is a strong case for maintaining a premium rating as long as the group can keep up the momentum.

The latest figures exclude any meaningful contribution from London Brick, landed last February for £247m or anything from the recent U.S. Industries purchase that Hanson plucked for £384m. The profits are, however, bolstered by a full six months from the Allders department store business and that must have accounted for £12m of the £20m profits advance in the UK.

The rest of the domestic growth came largely from Ever Ready, acquired in 1981, where its new alkaline battery is making good headway. Not that Hanson's longer running subsidiaries were out of the growth league. The group appears to be achieving solid expansion from its core businesses.

Terry Garrett

MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1984 High	1984 Low	
F.T. Ind.Ord. Index	831.4	+ 6.9	922.8	770.3	Rally fails to hold
Birmingham Mint	243	+33	243	163	Temple Bar Inv. increases stake
Booker McConnell	190	+24	191	79	Hopes of counter-bid
Braham Millar	39	+14	40	24	Bid from C. H. Beazer
Cambrige Petr. Royalties	380	+55	380	265	Bid from Energy Recovery Corp.
Commercial Union	219	+26	231	171	Revived speculative interest
Copydex	195	+40	197	132	Bid from Beecham
De La Rue	635	+40	652	560	Satisfactory annual results
Double Eagle	40	−31	71	22	Company bids for Chessminster
Fleet Hldgs.	173	+14	190	135	Revived bid speculation
Grindlays	168	+33	168	132	Speculative bid hopes
Hazlewood Foods	770	+105	770	515	Good annual results
Henriques (A.)	51	+12	54	23	Speculative demand
Hill Samuel	275	+30	350	242	Results/stake in Wood Mackenzie
Midsummer Inns	225xr	+75	225	115	Swithland bid of 215p per share
North Kalgurli	58	− 8	86	58	Proposed A$10m rights issue
Reed Int'l.	440	+42	458	374	Better-than-expected profits
Reuters New B	224	*+16	226	206	Successful market debut
Thorn EMI	534	−31	698	527	Fears of expensive BAe bid

* Based on Monday's opening price.

Pessimism fades away

NEW YORK

TERRY DODSWORTH

A WEEK in Wall Street sometimes seems like a very long time. In the middle of last week the wisdom of the bond market, as reflected in the price of the key 30-year Treasury long bond, was pointing to Armageddon. Just eight days later this week, rates on the same piece of Treasury paper were pointing to the strong possibility that the world as we know it would continue to muddle through in a more or less acceptable fashion.

It is not particularly easy to explain the market's volte face except to say that the previous pessimism may have been overdone. The budget deficit continues to cast its bulky shadow over the economy, manufacturing production is still mounting, and the problems of U.S. banking, international debt and Middle East oil supplies remain unsolved.

Even some of the good news has been of a distinctly ambiguous nature. For example, the statement from Mr Henry Kaufman, Salomon Brothers' chief economist, to the effect that the Federal Reserve Board will not tighten its monetary policy because of the problems at the Continental Illinois bank, has some worrying implications for long-term rates: until this last week, the bond market had been unhappy with any suggestion of lax monetary policies because of the supposed impact on inflation.

These negative items have lost some of their influence over traders who seemed to have had enough of bad news. The authorities' obvious determination not to let the banking system slip out of control, combined with some signs that the economy is beginning to slow (bank loans have dropped significantly in the last reporting period) have been greeted by the markets as a positive indication that the much-forecast summer rally may yet spark into life.

Even the indications that Mr Walter Mondale will wrap up the Democratic nomination at the Californian convention later this year have been greeted positively. Mr Mondale, it is argued, in typically obtuse Wall Street logic, will have more chance of losing to President Ronald Reagan than Senator Gary Hart.

The slippage in long-term rates, down from almost 14 per cent to around 13.40 per cent over the period since the middle of last week, was well telegraphed in the huge 19.50 point jump in the Dow Jones Industrial Average last Friday, which took the index to 1124.38. Equities have continued to hover around that level this week, but might well have done much better if IBM had not run into a particularly bad patch.

The world's largest computer group has a big influence on the market average because of its weighting in the index — and this week it has touched its 52 week low of $105 a share. What caused the problem was a whiff of news to the effect that the company had run into a slack market with its PC Junior Home Computer, and was considering a price cut. Despite initial fencing by the company, the cut duly arrived, at 23 per cent for some products, amidst frenetic activity in the shares: over 2.7m were traded on Wednesday.

Wall Street analysts love to hate IBM, which has a pretty high regard for itself and more or less returns the compliment. But there are still plenty of backers for the company at current prices, which compare with the high of $134¼ hit last November.

It is not difficult to see why the bulls hold this view. Its present historic price earnings ratio of 12 is slightly under the market average, and several analysts are looking for increase in net income per share from $9.04 a share to $10.40 this year, irrespective of weak PC Junior profits. That puts it on a prospective p/e of only 10.1.

As for takeover activity during the week, the main prize goes to that familiar figure from the old world, Sir James Goldsmith. Acting a deal less brashly than some of his Wall Street confreres, he announced in a letter to the Continental group that he would like to make a $2.1bn bid for this diversified company—a proposal which would rank a takeover among the largest attempted among non-oil companies in the U.S.

Sir James is proposing an offer of $50 a share, substantially above the recent trading price of under $40 a share, and the indications are that he now has the finance in hand. Even so, the shares have not taken the bait fully as yet, rising to only around $43 possibly because some investors still remember Sir James's recent retreat from the St Regis paper group after he and his partners were bought out at a substantial profit.

Similar fears have also been working against another old takeover hand, Mr Saul Steinberg, in his attempted coup on Walt Disney. The shares have stubbornly refused to respond to Mr Steinberg's sabre rattling.

Disney has undoubtedly conducted a skilful and ruthless defence policy, buying up first Arvida, and this week Gibson Greetings to dilute its equity and therefore Mr Steinberg's stake. But there is also a clear suspicion in the market that a speculative rise in the shares would be more likely to benefit Mr Steinberg through some sort of buyback arrangement, than anyone else. Could it be that the days of so-called "Grenmail" are numbered?

MONDAY	1131.57	+7.22
TUESDAY	1124.89	−6.68
WEDNESDAY	1133.84	+8.95
THURSDAY	1132.44	−1.40

Hungry for foodstuffs

BY ALISON HOGAN

Unlisted Securities Market

THE MOST TEMPTING morsels to arrive on the USM in recent weeks have largely come from the rapidly expanding food sector. The latest, Hunter Saphir, was oversubscribed more than 72 times at the offer price of 120p per share, which gives a p/e of 18.

Such pent up demand is more likely to arise when only a small proportion of the equity is offered for sale, as in this case, when 11.5 per cent was made available.

With Hunter Saphir, however, the sale of twice the amount of equity would have probably been handled with equal ease. It is a well managed company with good growth prospects which has carved out a valuable niche in the tough world of food manufacture. It increased pre-tax profits by over 40 per cent to £1.5m in the year to April 1984.

Through its four divisions, the Hunter Saphir group is involved in every aspect of the supply of fruit, vegetables and fresh products to the supermarket giants such as Marks and Spencer, Sainsbury and Tesco. Though food margins are notoriously tight, it concentrates on quality items with high added value. It has branched into recipe foods ... pommes dauphinoise. It looks for year round sources of iceberg lettuces, kiwi fruit and other distinctive products.

The chairman, Joseph Saphir, started the business, importing fruit in 1936. As the business grew, the company developed close links with its customers to monitor demand. It investigated crop production and formed associations with major suppliers to ensure a steady supply of high quality produce. It recognised the growing demand for fresh and chilled foods and established a network of warehouses and specialised transport designed to keep the produce chilled.

Two other quite recent arrivals on the USM have found different niches and exploited them successfully. E. T. Sutherland which manufactures a range of chilled meats, pastries and fish spreads was ... to the market a month ago, offering 25 per cent of its enlarged equity on a p/e below 15.

Freshbake Foods which joined the USM in September was able to announce on June 1 that it had exceeded its profit forecast by £114,000 by making £1.56m pre-tax in the year to March. Freshbake has become the volume brand leader in the expanding frozen uncooked savoury pastry market. The company reported that growth in the first quarter of 1984 was far greater than for the sector as a whole, and stockbrokers Hoare Govett say in their current USM market data that a further rise in profits of around a third, to at least £2m should be in prospect.

Whilst these companies have concentrated on high value added products, others are managing to build up successful businesses in the high volume meat trade. Meadow Farm Products got off to a good start on the USM at the end of March. It is a wholesale butcher and meat processor which has exploited the customer preference for steaks of standardised appearance and the demand from caterers for vacuum packed, ready-to-cook ... It should meet its pre-tax ... results are due later this month —and Capel-Cure buyers are forecasting at least £775,000 for the current year.

Next Thursday, dealings are expected to begin in the shares of the Global Group, an international meat trader. It is benefitting from the growing trend for consumers to purchase processed meat instead of relatively expensive fresh cuts. Brokers Schaverien and Co are placing 19 per cent of the equity at 67p per share on a 16.5 p/e. The company made pre-tax profits of £247,000 to May 1983 on turnover of over £21m and estimates profits of £300,000 in the year just ended.

The smaller companies, however, are more prone to hitches in the pattern of profits growth, even if the underlying business is sound. Thus on Wednesday Canvermoor reported a small slide in its pre-tax profits for the six months to March by £4,000 to £108,000 although turnover rose by £480,000 to £1.66m.

A quiet summer

THE USM appeared to pause for thought this week after the unnerving swings of the index in the last week of May. The stags who oil the wheels of the market's trading found more interesting diversions at the Derby or on the golf course and jobbers reported few buyers.

Brian Winterflood of Bisgood, Bishop, the jobbers who make a price in every USM stock, said that there was no panic, but he thought that trading would probably remain quiet for the summer months. "I expect the flow of new issues will slow down which will probably be a good thing for the market in present conditions," he said.

The slowing of tempo will probably result in the more ... back whilst higher quality ones decide to go ahead, for sound business reasons.

On Monday, dealing begin in the shares of Northamber, one of the largest wholesalers of printers and other computer perhipherals in the UK. The chairman, David Phillips, discussed the state of the market with stock brokers Simon and Coates. They decided they were sufficiently confident to proceed with the placing of 1.35m shares, equal to 18.3 per cent of the equity.

The shares were priced at 115p per share which gives a reasonable p/e of 22.5 with a record of profits having doubled in each of the last two years to £748,000 pre-tax in the year to April, 1984. The shares should take off to a reasonable premium and perhaps shake the ...

FINANCE AND THE FAMILY

A neighbour's leaky pipes

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

BY OUR LEGAL STAFF

On my semi-detached house my neighbour's rainwater pipes, situated on his side of the party wall, have not been clearing the rainwater properly. The water, leaking or overflowing, has soaked through the party wall, causing the plaster in my bathroom to erupt over a large area. This is both unsightly and impossible to redecorate with any hope of permanency.

I have brought this to his attention several times, verbally previously. Now that my neighbour is having an extension built at the rear and these pipes are being removed, I have tried to discuss with him what he proposes to do, but he avoids the issue. He has got the building firm's surveyor to suggest to me that I approach my insurance company, making a claim on them.

A week ago I wrote to him, by registered post, expressing the hope that he will accept his responsibility for this damage and advise me, at an early date, what he proposes to do. Since writing the letter I have had no reply. What is my next step?

Your remedy is to make a claim for damages for nuisance and/or negligence, and to pursue it in the County Court if need be.

A wife's covenants

My inspector maintains that as we have a "Wife's earnings elections" in force, my wife's charitable covenants cannot be counted for higher rate relief. Do you confirm please that this is so? In so far as my liability to the highest rates arises mainly from my wife's investment income, the rule seems to have little justification.

This is one of the arbitrary rules which were built into the separate taxation scheme, when it was originally introduced by Lord Barber in 1971. Paragraph 4 (1) (a) of schedule 4 to the Finance Act says:

"Notwithstanding anything to the contrary in the Income Tax Acts, where any amount is under any provision of those Acts to be deducted from or set off against income in respect of any payments . . . then . . . if under that provision it . . . it is to be deducted or set off in respect of payments made by her, it shall be treated as reducing her earnings and as not reducing any other income."

There is a warning about this on page 7 of the free pamphlet on the wife's earnings election, IR13, which is obtainable from your tax inspector:

Death of a friend

My wife is one of five residuary legatees under the will of a spinster friend.

One of the residuary legatees, a spinster sister, was already dead at the time of this friend's death.

A "Statement of realisation of the estate" has now been received from the executor, which shows the distribution of one-fifth of the residue to have been made to the four surviving beneficiaries. (My wife has received her one-fifth).

The other one-fifth is indicated as being "Undisposed of by the will and devolving as an intestacy." This is being held pro tem on behalf of 10 named "potential beneficiaries," and the executor says that "further inquiries are continuing in respect of two other potential beneficiaries."

Is the executor correct in this case in distributing in accordance with intestacy rules?

If the gift of a residue was expressed to be to divide it among five named persons the death of one of them before the testratrix would have left the surviving persons to share equally, and no intestacy would arise. It is only if the will can be construed as leaving each of the named legatees a one-fifth share only that there would be an intestacy as to one of those shares. Gifts of this kind can raise questions of some legal difficulty in construing the will.

Upkeep of the green

In our quite small village we have had for years past a bowling green and a cricket pitch, etc. Not a large membership (about 40 odd) the care of the green was and still is that of the council's responsibility, but the origins of club and what deals any club members made with the council of the time seems to have been forgotten. A short time ago however under the reorganisation of local authorities we were taken over by a larger council . . . an urban council whereas ours was a rural district council. The present council's leisure services seem to be more concerned with the greens, etc, of the town and we are looked upon as a rather backwoodsmen and the council neglects us terribly and illtreats our modest pavilion using it for a workmen's dump, tools, gumboots and consequent dirt galore!

The public are free to play on the greens and the upkeep is out of rates as in the town, but those who wish to organise regular games and competitions belong to the club and use the pavilion for changing . . . there are no other facilities.

The new council is now grumbling that as we are few —both public and club— it is too much for them to send greensmen out to us and want us to manage the greens ourselves, an impossible task for so few people, most quite old and lacking groundsmen's skills—the job of such green maintaining is a very precise one, rolling, fertilising, cutting, etc., etc. we just could not do it and of course there is pavilion maintenance.

It seems to me that in the transfer of our green to the new council there must have been some conditions laid down as to the care of them in the future, maybe a form of trust ensuring perpetual care and maintenance and so on. Can you suggest where I can demand to see the deeds of the transfer as surely there must be something in writing and covering members' interests. I should add that when the old council built the greens it was the council that called for constituents to join the original club formed under the auspices of the old council. There is nothing private or particularly privileged about it at all in the sense of a small group. It was and is a ratepayer's right although we pay and the public pay for each use of the green by buying a ticket off a council warden . . . in other words it was and is open to the public (I think whether ratepayers or not or from outside even) but above that casual public use was the club which could reserve for matches etc and of course paid a membership fee, but the club was and is open to all.

There will almost certainly not have been any documents transferring the green to the new council. The title will have devolved under vesting provisions in the statute which reorganised the Councils. You therefore have to go back to the original grant to the rural district council. If you do not have a copy of that you can ask the new council to furnish you with a copy.

Tax and two houses

You advised May 5 that there should be no difficulty with Capital Gains Tax when a second house is bought provided the new house is not let pending the sale of the old one. This is close to but not exactly our case.

We own our present house—there is no mortgage—and it has roughly doubled in value since purchase. I have to move for a probable period of 15 months and would like to take the opportunity of buying, with mortgage, a house in the new locality. We do not know if we are coming back into the locality. What therefore will be our liability to CGT if we let the old house knowing that in late 1985 we will either (a) move back into it or (b) sell it.

(a) There may be little or no CGT to pay when you eventually sell it; but it all depends upon prices and dates.

(b) There will be no CGT to pay.

The intricate rules are outlined in a free pamphlet, CGT4 (Owneroccupied houses), which is obtainable from tax inspectors' offices, as you have probably seen mentioned in our columns from time to time.

Selling the home

I own a large house which I wish to sell off as self-contained flats.

I should be most grateful for any advice you could kindly give me as to what would be the best way to do this. I am particularly concerned as to how to allocate responsibility between the future flat owners as to repairs of the roof, maintenance of the gardens and approach to the property and the flat owners rights and responsibilities generally in all matters of mutual interest and concern.

There is a wide variety of ways to set up a scheme for selling flats in the circumstances you describe. You have to decide whether to use as freehold or a leasehold scheme, what is to happen to common areas (staircases, entrances etc.) and how service charges are to be raised, as well as whether to retain any interest yourself or to set up a management company. You are strongly advised to consult a solicitor.

UK CONVERTIBLE STOCK 9/6/84

Statistics provided by DATASTREAM International

Name and description	Size (£m)	Current price	Terms*	Conversion dates⊕	Flat yield	Red yield	Premium† Current	Premium† Range‡	Income Equ§	Income Conv¶	Income Div▽	Cheap (+) Dear (−)◇ Current
British Land 12pc Cv 2002	9.60	365.00	333.3	80-92	3.3		− 4.8	− 7 to −3	47.1	62.1	3.9	+ 8.7
Hanson Tr 9½pc Cv 01-06	81.54	337.50	160.7	85-01	2.9		− 3.7	− 9 to 2	186.8	72.4	−32.7	−29.0
Slough Ests 10pc Cv 87-90	5.03	267.50	234.4	78-85	3.7		− 8.7	−14 to −1	13.6	4.7	− 3.0	+ 5.7
Slough Ests 8pc Cv 91-94	24.72	117.50	97.5	80-88	6.8	4.9	− 3.6	− 6 to 2	22.0	22.3	0.3	+ 3.9

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ▽ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◇ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness. − is an indication of relative dearness. ⊕ Second date is assumed date of conversion. This is not necessarily the last date of conversion.

MINING

Hang on to a dream

BY GEORGE MILLING-STANLEY

"HOW CAN YOU hang on to a dream?", asked a song by Tim Hardin, one of the better singer/songwriters of the 1960s.

A small group of Irishmen shared a dream about 30 years ago of setting up a successful mining company, but Ireland did not seem to them to be the right place at the time, and they went to Canada instead.

This week they returned, dream intact, to float a new exploration vehicle, Ennex International, in London and Dublin.

Most of us have dreamt at some time in our lives of finding valuable minerals in our own back gardens. That dream has become a reality for a number of people, with varying consequences.

Oil discoveries in Texas turned poor farmers into millionaires almost overnight, gold and diamonds did the same in South Africa, while phosphates in the South Sea Islands condemned the islanders to embittered exile.

The exile of that group of Irishmen was voluntary, and once they dropped the idea of calling their company the Red Hand of Ulster Mining Company, the more prosaically-named Northgate Exploration was born.

Strangely enough, Northgate's greatest successes in the early years were in the "Ould Country," with the discovery and exploitation of zinc, lead, copper and silver deposits at Tynagh and Gortdrum and a major role in the development of the Navan mine.

Northgate participated in three of the four big metal discoveries in the Republic of Ireland in the past 20 years, but thereafter the focus of attention switched to Canada, when the group bought from the Patino interests a number of past and present copper and gold producers near the town of Chigougamau in Quebec.

The low copper producers of the past couple of years have proved a real problem for these mines, but a change of emphasis from copper to gold has kept the only two currently in operation, Copper Rand and Portage Island, at around the break-even point, and Northgate is confident that better times will come.

With this confidence now bolstered by a new three-year wage deal with the miners, which affords only partial protection from rises in the cost of living and gives no increase in hourly rates, Northgate is studying a plan to resume operations at three of the other mines in the area.

In addition, a sister company, Westfield Minerals, has just brought the Scadding gold property near Sudbury, Ontario, into production, so it is hardly surprising that the group finds itself in no position to fund exploration and development work.

As a legacy of its earlier successes in the Republic of Ireland, the Northgate group has a number of exploration interests in the country, ranging from base metals and gold to oil and gas.

All the Irish exploration interests of Northgate and Westfield were recently injected into Ennex, which will be coming to the unlisted securities market in London and Dublin later this month. A total of 24m shares will be offered for sale on June 15 at 50 Irish pence or 41p sterling, to raise £8.87m sterling, through Allied Irish Investment Bank. The brokers to the issue are Sheppards and Chase in London and J. and E. Davy in Dublin.

Northgate and Westfield will retain a combined stake of just under 51 per cent in Ennex, and several of the group's directors will also sit on the new company's board.

The funds raised will be split roughly equally between exploration on the hard rock prospects and the oil and gas interests, and should suffice for a reasonably thorough two-year exploration programme.

Given that a fair amount of initial exploration work has already been done on some of the properties, Northgate seems confident that Ennex will be able to establish economically-recoverable reserves on at least one of the deposits in that time, and has declared its intention of funding the construction of any mine out of project finance, rather than coming back to the market for more cash.

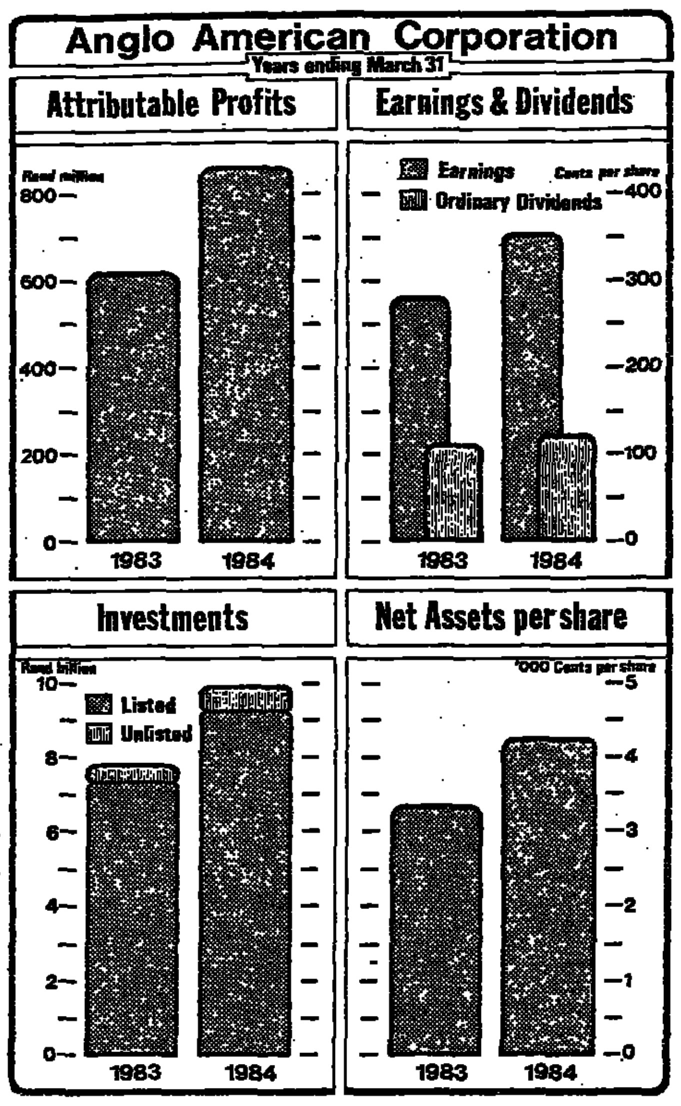
At the other end of the mining scale, South Africa's giant Anglo American Corporation this week reported attributable profits of R864.7m ($483m) for the year to March 31, up 40 per cent on the previous year. The final dividend is increased by 10 cents to 85 cents, making a total of 120 cents against 110 cents last time.

Anglo has simplified the presentation of its preliminary statement, grouping together various items which were previously shown separately, but this makes it more difficult to spot where the improvements came from.

The group did, however, explain that most of the R45.6m increase in income from investments came from the gold interests. This item includes dividends from the holdings in De Beers Consolidated Mines, Minerals and Resources Corporation (Minorco), Rustenburg Platinum Mines, Johannesburg Consolidated Investment, Anglo American Industrial (Amic), and Anglo American Gold Investment (Amgold), together with the direct holdings in the gold mines.

Trading profit, which covers mainly the profits from Amgold and Anglo American Property, was broadly unchanged, and by far the biggest single improvement came from the group's share of the retained profits of associates.

This item showed a gain of R115.2m to R246.1m, and here it was the improvement in the profits of De Beers, Minorco, the Premier group, Amcoal and the various South American companies which brought about the change, offset to some extent by a comparatively poor showing from Amic.



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YOUR SAVINGS AND INVESTMENTS—1

Brokers, jobbers and circuses

IN THE intensifying debate on the future of the Stock Exchange, there is considerable emphasis on the need for protection of investors. An advantage of the present so-called single capacity trading system, which many members of the market are seeking to retain against the council's wishes, at least for the smaller, less active stocks, is that investors can be more confident of dealing at the best possible prices.

But in delving through the history of how the present trading structure developed in the early years of the century, DAVID KYNASTON finds that its adoption had little to do with investor protection, but a great deal to do with the desire of members of the Stock Exchange for protection against each other.

AT THE heart of the not-so-silent revolution now transforming the Stock Exchange lie the abolition of minimum commissions and the ending of the uniquely rigid distinction between brokers and jobbers.

It is perhaps salutary, therefore, to go back three-quarters of a century and reveal that the status quo now being so traumatically dismantled is one that by all the laws of economic logic should never have been constructed in the first place.

The atmosphere of the Stock Exchange has always been that of a club, hermetically sealed from the outside world, but by the turn of the century it was a club suffering from the strains of too may new members being possessed of too few resources.

Membership increased steadily from 3,233 in 1890 to 4,315 in 1900 and 5,567 in 1905, before subsiding (after sterner entrance qualifications) to 4,855 on the eve of the war.

Most of these new members were *jobbers, the great* majority of whom either formed two-man partnerships or jobbed on their own with, as the phrase went, "a book and a pencil."

Many of these were in the South African mining market (the so-called "Kaffir Circus"), which had boomed phenomenally in 1895, but was now in a state of prolonged doldrums as a result of the Boer War.

The commonest criticism during the 1900s of these proliferating jobbers was that they were failing to provide the marketability that alone would have justified their existence. In the disgruntled words of a veteran broker writing to the press in 1905: "It is a farce to say jobbers make free markets. When there is any trouble they invariably refuse to make prices, and in many stocks you can never get a price made at all. It is only in a big rush of business that the jobber becomes a facility."

And four years later the financial journalist Henry Lowenfeld estimated that there was at any one time a genuinely free market in only about 400 out of the 5,000 or so officially quoted securities.

In the face of this diminishing freedom of markets it seems that the big brokers and jobbers took matters into their own hands and tacitly decided to bypass the existing but only laxly enforced rules forbidding members and their authorised clerks from acting in a dual capacity, i.e. as both broker and jobber.

Thus the main jobbers in domestic industrial securities began to deal direct ("shunting") with members of provincial exchanges, often taking the form of joint accounts, and in so doing cutting out the London broker.

Such operations involved considerable overheads (a private wire to Manchester, for example, cost about £3,000 a year to run) that were well beyond the means of the average jobber, but undoubtedly benefited London's overall marketability.

The response of the big brokers on the Stock Exchange was similarly bold: not only did they increasingly ignore the jobbers and instead go to *outside finance houses such Credit* Lyonnais and Swiss Banverein in order to buy shares, but also some of them even began to act as dealers themselves in certain specialities.

Inevitably the mass of jobbers attacked these brokers for infringing on their rights and accused them of being seduced by the commission paid by the outside house as well as by the client; but really the words of a broker calling himself "Ajax" rang true when he wrote to the Financial Times in March 1908 that "it is only the fact that the Stock Exchange has lost the market in certain securities that the broker is now obliged to negotiate his business outside."

Four months later, the Stock Exchange Committee decided that from 1909 brokers were to be specifically forbidden from making prices or taking a second commission and that jobbers were to be equally specifically forbidden from dealing directly with non-members.

It is pretty clear that this formal return to the traditional demarcation between broker and jobber was essentially the work of the small men of both capacities: small brokers felt that they were losing business to big brokers as well as to shunting jobbers; while small jobbers felt as antagonistic to their big shunting brethren as to the big brokers who had the resources to be able to utilise *the outside houses, which were* notorious for the small commissions they paid.

The organisation which mobilised this opinion, above all in the decisive and fairly virulent 1908 committee election, was the Stock Exchange Members' Association, which in its campaign appealed explicitly to self-interest and, significantly, made very little of the theme of the barrier between jobber as principal and broker as agent acting in some time-honoured way as a safeguard to the investing public.

Most contemporary comment on the new rules was unfavourable, perhaps typified by the Investors' Review accusing the Stock Exchange Committee of "behaving like a parish vestry, whose members are anxious that none of the 'perks,' sacred through old usage, shall go past them."

Three years later, in 1912, the broker/jobber demarcation was further hardened by the introduction of a fixed scale of commissions, thereby preventing a shunting jobber from employing a broker at a nominal remuneration to pass his bargain through, the use in other words of the so-called "dummy" broker.

There was another motive as well in 1912, which was the desire to check the way in which foreign banks with offices in London were taking advantage of ever-fiercer competition amongst brokers for business to pay miserably small commissions. Again it was the small members and firms to the fore in the crucial Committee election.

And in the just words at the time of one of the dissenting firms of brokers, Rubens & Reichenbach, "the primary object of making rules as to the fixing of commissions is to protect broker against broker, and not the public against the Stock Exchange generally."

So, by the eve of World War One in 1914, an institution dominated by 600 jobbing firms and at least as many "solo" jobbers had defied larger "market" imperatives, reversed the seeming Darwinian trend towards dual capacity, redefined and sharpened restrictive practices, and created the basic structure that was to survive through to the very different circumstances of present times.

Democratic it may have been, but an unnecessary, artificial hiatus of three-quarters of a century was perhaps too high a price for keeping the overmanned but under-capitalised Kaffir Circus on the road.

Mafeking has been relieved . . . so is the Kaffir Circus

Barry Riley on proposals for the future of the Stock Exchange

Loyalty of the private client

WILL THE small investor suffer from the development of the new all-singing, all-dancing international Stock Exchange? That is certainly the contention of members of many of the medium-sized and small broking firms who are threatening a revolt against some of the Stock Exchange Council's proposals.

Now a broad hint that many private investors will be asked to pay more for the services of their brokers comes from leading accountants Spicer and Pegler — a firm which counts more than half of all Stock Exchange firms amongst its clients.

In contrast, the big institutional investors are looking for early cuts in the commissions paid on large transactions. This week the National Association of Pension Funds issued its formal reply to the Stock Exchange's discussion paper on the future structure of the market.

The NAPF wants the Stock Exchange to stick to its late 1985 deadline for abolishing the fixed commission structure. "Any slippage would be disappointing," it observed this week.

And if such a delay occurred, it would expect "a substantial reduction in commission rates on both equities and gilts to be negotiated with users as an intermediate step to full negotiability."

The big broking firms will have to cope with much of the impact of these demands but the medium-sized firms will feel the pinch too. Spicer and Pegler has been looking at the position of the typical medium-sized broker of a type which accounts for about 40 per cent of all the equity business on the London market.

It estimates that such a firm derives about 90 per cent of its bargains and 80 per cent of its gross income from private clients. About three-quarters of this private client business is done directly, and the rest through bank branches.

The accountants will be advising client firms that they may need to raise commissions on small bargains. This bitter pill might be sugared, they suggest, by imposing charges on a pence per share basis rather than as a percentage, in the hope that rising markets might make the costs less painful for the clients (falling markets, of course, would have the opposite effect).

The firm also suggests that brokers might charge separately for services which at present are "free" in the sense that commission charges are expected to cover them. Portfolio valuations and discretionary investment management services would be examples of areas where independent fees could be imposed.

But Spicer and Pegler's detailed investigation of strategic options for the medium-sized stockbroking firm has thrown up a few crumbs of comfort for small investors.

The firm envisages a much more competitive climate for financial services generally, so that stockbrokers will risk losing many of their clients if they push up their charges too fast.

The accountants note that many broking firms are relying on the loyalty of their private clients. But they warn that such reliance could be a high risk strategy in view of far-reaching changes in the personal financial sector.

They think that the real prizes in the future will go to those brokers which can successfully broaden their range of activities, and package a range of financial services in a way which will reinforce client loyalty.

This will mean going into personal financial planning services and refining facilities for individually tailored fund management. So broking firms will need to develop expertise in fields such as insurance, taxation and legal advice, and they will also have to learn much more effective ways of promoting their services to a wider clientele.

Meanwhile brokers will have to pay much more attention to the details of their cost structure. They will have to be much more careful about charging the right fee for each service, rather than being content with heavy cross-subsidisation of a type that has probably been quite common in the past.

This is why the small investor requesting long telephone calls to his brother is likely to get short shrift under the new circumstances.

But brokers have to be aware that aggressive charging could drive clients into the hands of rivals like the clearing banks, providing packaged financial services of a kind which represent the single most important threat to the long-term viability of brokers oriented to private clients.

Dangers in the pension jungle

ERIC SHORT looks ahead to the Fowler report

IT IS now only a matter of a week or two before Mr Norman Fowler, Secretary of State for Social Services, will produce his long-awaited report on the subject of personal portable pensions.

It is widely expected that he will come down in favour of introducing a comprehensive system of personal pensions running alongside company schemes, with a transitional period to ensure a smooth changeover. The principle that every employee should be able to make his own pension arrangements is soon likely to be a reality.

There are, however, two practical considerations that Mr Fowler will have to grapple with sooner or later—the administrative one of devising systems for contracting out and monitoring and the social one of protecting the consumer's pension nest-egg.

The second point is of the utmost importance. Mr Len Murray, general secretary of the TUC, summed the position up in a nutshell in a recent article. He claimed that if a person loses his savings through bad advice, bad management or downright fraud then it is a calamity for the individual. But if he loses the assets underpinning his pension then it is an absolute disaster.

Professor Jim Gower, in his review of investor protection, is as concerned to protect the investor from poor advice as from fraudulent activities and has expressed particular concern for the way life assurance is sold.

The latest developments in this sector are dealt with in another article.

But nothing has been said about the hard-sell dangers under a personal portable pensions system. Professor Gower's report still dealt with company pension schemes only. Presumably until it is officially disclosed that a personal pension *facility open for all is to be in*troduced it will be premature to talk about measures to protect the investor.

Ideally Mr Fowler will not only refer to this aspect in his report but will actually set out his ideas for protecting the investor. Advising on pensions is far more complex than advising on life assurance savings plans.

Mr Fowler may think that his proposals for protecting the members of company pension schemes, now under discussion, will be adequate. If so, the National Association of Pension Funds told him bluntly this week that these proposals just cannot apply to individuals and their personal schemes. A new set of rules is needed.

On the other hand, Mr Fowler may take the view that protecting the investor is the province of his colleague Mr Norman Tebbit, Secretary of State for Trade and Industry, and of Mr Robin Leigh-Pemberton, Governor of the Bank of England. Mr Leigh-Pemberton has been strongly advocating self - regulatory agencies (SRAs) to cover the financial sector—with one SRA for banking and another for insurance.

But nothing has been said about pensions. This situation needs to be clarified when Mr Fowler ends the period of uncertainty.

Much will depend on whether the range of institutions allowed to market personal pensions is extended beyond life companies. Possible new operators in the market could include building societies, banks, merchant banks, unit trusts and so on as demanded by the advocates of personal pensions.

If this happens then Mr Fowler needs to avoid a situation in which people advising on and selling pensions might be governed by different SRAs according to the nature of their basic occupation.

YOUR SAVINGS AND INVESTMENTS—2

Why they're waiting for a watchdog

ERIC SHORT reports on plans for a self-regulatory life assurance body

THE DEPARTMENT of Trade and Industry is not letting the grass grow under its feet in following up the suggestion the Governor of the Bank of England for the establishment of self-regulatory agencies to cover the financial sector.

Mr Alex Fletcher, Minister for Corporate and Consumer Affairs at the Department of Trade and Industry, who is directly responsible for the insurance industry wrote this week to the Life Offices Association and other bodies concerned with life assurance selling.

He invited them to produce proposals for a self-regulatory body.

The DTI envisages that the proposed self regulatory agency (SRA) for the life assurance industry would operate in a manner supplementary to the present statutory responsibilities of the department.

Thus it sees the SRAs controlling the licensing of life assurance salesmen and commission payments made to intermediaries, while leaving authorisation, control of investments and monitoring of advertisements to the DTI.

So far so good. It has been a defect within the life assurance without evidence of ability or integrity. Only the registered insurance broker is controlled by his own SRA—the Insurance Brokers' Registration Council—which was set up long before Professor Jim Gower started his review of investor protection.

The life assurance industry has been offered the chance of regulating itself, as an alternative to having some form of regulation imposed on it from outside—by Whitehall or the Bank of England The chairmen of the various bodies to whom the offer was made have accepted with alacrity.

But now come the snags. Mr Fletcher wants the LOA and the other bodies to produce their proposals by the end of August to keep in step with the Governor's timetable. And the reaction of Mr Ralph Sepel, chairman of the Linked Life Assurance Group, was that "*there was not a snowball's* chance in hell of this happening."

The Governor may feel that the only chance of regulating the City is to act swiftly and not allow discussions to get bogged down in detail. But the UK life assurance industry does not work like that.

It is essential to get any proposed SRA right, even if it takes a little time, rather than set up an SRA that is either unworkable because it has not been thought out properly or irrelevant because in the interest of hasty consensus the standards are far too low.

Mr Fletcher ought to know that the UK life assurance industry is far from homogeneous with different companies operating in different sectors of the market with contrasting marketing methods.

The life assurance industry—prompted by the pioneering efforts of the Life Insurance Association—has been discussing, a system of licensing for salesmen for some years. Two years ago the LOA took up the original ideas of the LIA and acted as convenor for a proposed licensing system.

Several organisations including such diverse ones as the Building Societies Association and the British Insurance Brokers Association were invited to join the licensing committee. It held its first meeting last month. At that rate of progress any SRA proposals would not emerge until August 1993.

Secondly, Mr Fletcher should have realised that there are very wide differences in attitude within the life assurance industry on a variety of matters.

One glaring example of the discord is the attitude to the proposed Registry of Life Assurance Commissions (ROLAC) which presumably would be incorporated in any proposed SRA.

The Linked Life Assurance Group—to a man—have boycotted ROLAC on grounds of principle and have been joined by some LOA members.

Perhaps Mr Fletcher thought that a short timetable with the threat of outside intervention would force the various factions to compromise and not give time for any reconciliations to go sour. But in that case, the group considering the SRA proposals needs a tough chairman who will get things moving and not allow clan warfare to break out.

Thirdly, it is not clear whether the DTI envisages that the SRA should cover all those who sell life assurance or just those strictly within the life assurance industry itself. For instance, building societies are now major marketers of traditional endowment business and their overlord is the Chief Registrar of Friendly Societies.

Mr Marshall Field, chairman of the LOA, immediately reacted to Mr Fletcher's request by saying that the brief was far too narrow. He feels that direct selling of unit trusts needs to be considered along with selling life assurance—a point made by Professor Gower.

This underlines that a great many organisations could become involved, each of which will have to sound out its members' views. The BSA, for example, is still feeling its way into what is a new area and has not yet contacted its members. The next few weeks are going to be hectic for all concerned.

Finally, Mr Fletcher ought to consider a less dogmatic attitude than stating that the DTI's existing responsibilities are sacrosant. Its record on monitoring life company advertisements is far from satisfactory, simply because it does not have the necessary manpower. It would do well to delegate this role to the proposed SRA.

Investing in forestry.. **Michael Prowse** looks at trees and the taxman

The right time to touch wood

MONEY does grow on trees, if only by virtue of the concessions of the tax man.

Forestry is growing more popular as an investment vehicle, both for relatively rich individuals and for pension funds. The tax advantages are almost unique, and foresters are *surprisingly confident that* these tax concessions are secure even though the Chancellor is making menacing noises about tax breaks in general.

They also stress the obvious and fundamental attraction of forestry: the fact that it offers an apparent guarantee of capital growth. Trees grow, and the value of the sums invested in timber will grow more than proportionately, always provided timber prices hold up.

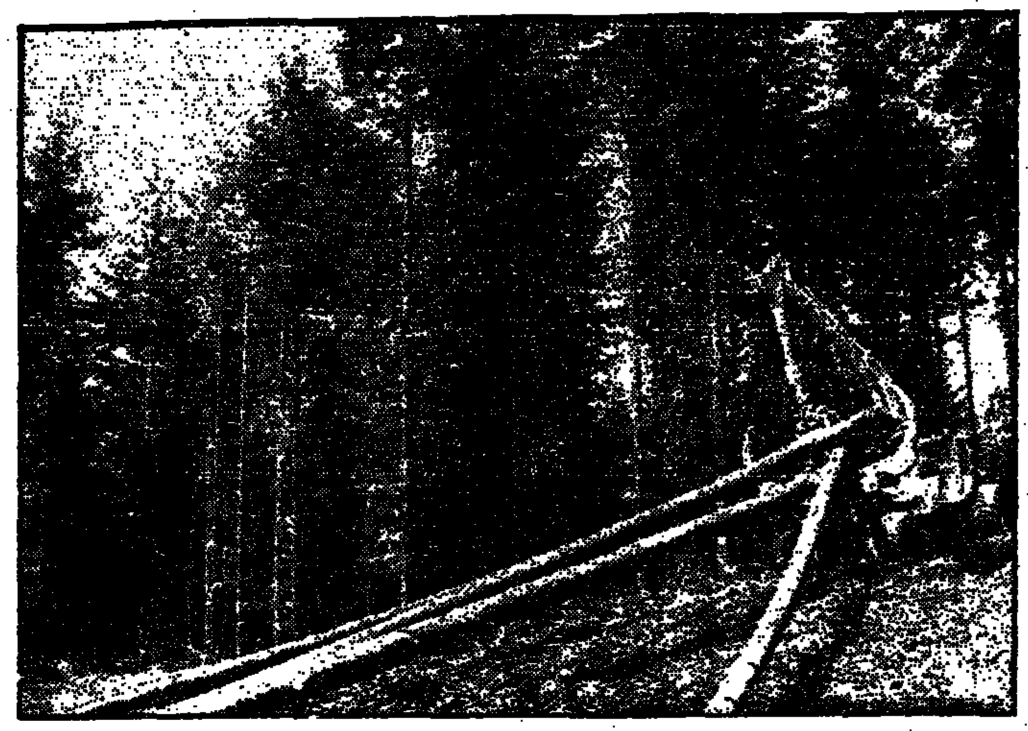
Forestry received a slight boost from the Budget—not because the Chancellor unveiled any new tax reliefs, but because he reduced the attractions of rival forms of investment such as life assurance.

The Government is actively encouraging private investment in forestry. In 1981, it increased substantially grants for private plantings. It wants to scale down the Forestry Commission, a quango set up in 1919, and has obliged the Commission to sell 10 per cent of its woodlands.

The Government is aware that Britain is unusually dependent on foreign timber (it imports 90 per cent of its needs). Also foresters argue that timber prices are destined *to rise in real terms* (perhaps by 1½-2 per cent per annum), because of a projected world timber shortage. However, such forecasts do not win universal approval.

Individuals concerned about their high rate of personal income tax are usually advised to get into forestry at the initial planting stage. The cost of the land, on which the trees will be planted, perhaps £250 an acre, is not allowable for tax although if the money is borrowed, interest costs will be deductible.

But all development costs—the expenses of planting, fertilising and fencing, for example—which may amount to £250-£300 an acre (net of Government grants of £100 an acre) are allowable against the investor's income, whatever its source, provided he elects to be assessed under Schedule D of income tax. Without a special election, timber is automatically assessed under Schedule B of income tax.



Work goes on in Scotland's Solway Forest

Timber is exempt from capital gains tax so when the investment is sold there is no CGT liability on the gain in the value of the timber. CGT is payable however on any realised surplus from the sale of the land itself.

A good time for a higher-rate taxpayer to consider disposal or transfer of his holding is after about 10-12 years. This is well before the plantation starts to produce income, in other words, before the first trees are felled and logs sold to sawmills. *Disposal of the investment is* wise at this point because the original election for Schedule D (which cannot be reversed) now starts to work against the investor.

Under Schedule D, income from a forest, obtained from the sale of timber to sawmills, is taxable. Under Schedule B the sale proceeds are untaxed and only a trivial tax is payable—on the rental value of the land. This might amount to only about £200 on a thousand acres of forest worth perhaps £1.2m. The tax is so small the Inland Revenue often does not bother to make an assessment.

However, the transition of tax status, from Schedule D to Schedule B, can be achieved only through a change of ownership—through sale or transfer. Higher-rate taxpayers should find ready buyers for their 10-12 year-old plantations (buyers who will benefit from a Schedule B assessment) since it is at this stage that rapid capital growth occurs and with it possibilities for reducing captial transfer tax.

For the higher rate taxpayer, timber deos not offer as high a return as an investment that qualifies for the Business Expansion Scheme. With a BES investment in a small company, all the cash invested is tax-deductible, while in forestry *only* the development costs (slightly more than half the initial commitment) are allowable. However, timber appears safer than many BES projects and a group like Forestry Investment Management (FIM) claims that investors facing a 60 per cent marginal tax rate can expect "to double their money in 10 years."

It must be stressed that the eption is mainly for the well-off. Most private woodland management companies require minimum stakes of about £50,000. FIM claims to be breaking new ground in offering shares in trusts for as little as *£3,000.*

Forestry can also be a useful way of reducing liability to capital taxes. It is not just that gains in the value of timber are exempt from CGT. CTT liabilities are also often minimal. After two years, investment in timber qualifies for 50 per cent business assets relief. For tax purposes the value of *the* investment is halved. The actual saving in CTT can be more than 50 per cent if the transfers from the investor's estate are brought into lower rates of CTT. Inves*tors can also exploit* the steep capital growth curve of timber. The value today (on transfer) is only a small fraction of what the investment will be worth in 20 years time.

This is not just because trees grow but because the value of timber rises more than proportionately with the girth of trees. Sawmills pay about £2 per cubic metre for logs from 20 year old trees but as much as £40 per cubic metre for timber 20 to 25 years older from fully mature trees. On the assumption that timber prices stay constant in real terms, forest managers are able to offer 4 per cent real returns—more than it is normally possible to obtain from timber's capital growth, private investors need sizable sums at their disposal. FIM, for example, is demanding *a minimum stake of £25,000 in* its new Drumshalloch Forestry Trust, a 12 year crop designed to ease CTT and CGT burdens.

Two-way route to Japan

THE WORLDWIDE convertible fund launched this week by the U.S. bank Manufacturers Hanover and Japanese brokers Yamaichi has an interesting twist to it.

Convertibles, say the fund's sponsors, offer a way into equities "at lower risk levels, with a substantially higher rate of return."

Low risk, high return—an investor's dream, surely. It is supposed to be one of the eternal laws of investment that low risk goes with low return, and vice versa.

If convertibles—loan stock issued by a company, to be switched into equity at a later date — break that rule, does that not argue an inefficient market?

Yes, it does, says Mr Steven Schaefer, head of investment of Geofund Convertible Bonds; especially in the Japanese market, where up to half of the fund's $70-80m starting capital will be invested.

He points to the case of Honda shares, which on a price/earnings ratio of 8½ — well below the Tokyo average —might be considered an attractive *equity* investment. But there is also a Honda convertible available, which offers a way into the equity at a discount.

This is partly, says Mr Schaefer, because the convertible was initially dumped clumsily on the market, and still has a poor reputation as a result.

Because of high growth rates in Japanese industry, the market is more interested in capital appreciation than in income.

This is accentuated by the fact that there is in Japan no tax on capital gains, though there is on dividends. It follows, Mr Schaefer says, that analysts in Japanese *broking* houses pay relatively little attention to fixed interest stocks, and that market inefficiencies develop as a result.

Maybe so. It is worth pointing out, though, that such inefficiencies do not necessarily obtain in the other world markets in which the fund proposes to invest.

Tony Jackson

PROPERTY

Winning studs on the market

This week's Derby winner Secreto could be worth millions. JUNE FIELD suggests investing in a house with a few horses.

THE FIGURE of a horse on a traffic sign as we turned off the A34 to the north west of Winchester, some 65 miles from London, denoted the kind of countryside to expect.

In 712 acres of Hampshire downland is the Littleton Estate and Stud, the home of the stallion Song, 18-year-old ex-champion sprinter and winner of the Kings Stand Stakes at Royal Ascot in 1969. Now a prolific sire, with 41 "bookings" this season, his latest offspring by Seminole, born May 12, was gambolling happily in one of the 16 paddocks.

Littleton is a public stud, where mares are sent to be covered any time from February to July.

They have their foals in the old-fashioned foaling room where someone sits up all night watching for signs that something is going to happen, stud secretary Jane Farmer explains. There is no sophisticated closed circuit television at Littleton, as in some studs today.

The estate has been in the Deane family since 1901 when the main house was built for Florence and Arthur Deane.

The stud was bought in 1920 by their son Gerald, when manager of the racing and breeding interests of Lord Astor, husband of Lady Nancy Astor.

Major Gerald Deane, senior partner at Tattersalls, the bloodstock selling agency, described as "a brilliant auctioneer with a forceful personality" in Vincent Orchard's *Tattersalls — Two Hundred Years of Sporting History* (Hutchinson 1953), died on June 17 1951, the estate was inherited by his son Bruce, also a Tattersall partner.

Now Bruce Deane is selling in order to plan more effectively for his family's future, and moving to Bishops Down, a small private stud near Bishops Waltham.

Song and the Welsh cob Tommy the Teaser will either be sold with Littleton, or found quarters in the village.

An equestrian property such as this with a farm well-known for its Blackness and Buchan pedigree herds of Hereford cattle, only rarely comes on the open market according to Anthony Cane and James Laing, Strutt & Parker partners handling the sale.

"We expect keen competition at an asking figure of in excess of £2m and believe that it will attract overseas buyers as well as interest from those who want to expand an existing establishment."

Strutt & Parker recently sold Mr H. "Jim" Joel's training establishment Sefton Lodge in Suffolk for in the region of £750,000 including some of the contents. (Coincidentally, Jim Joel, 90 in September, whose Royal Palace won the 1967 Derby, sold Song to Littleton, and still retains six shares.)

Geoffrey van Cutsem, partner in Savills, Grosvenor Hill, W1, contends that given the strong international bloodstock market, it is not difficult to understand why the prices of successful stud farms are so high.

"When a yearling can average £73,746 as in Tattersalls' Highflyer sales last year, an investment of between £400,000 and £1.5m for a stud of 70 to 300 acres doesn't seem out of place," he says.

Knight Frank & Rutley was recently involved in selling Sir Freddie Laker's 72-acre Woodcote Stud at Epsom. Offers over £700,000 were being sought when it was on the market in October 1982, but a private sale was arranged at a price understood to be nearer the £½m mark.

The same agents also sold Rhoneburst, Lord Head's stud, to Oliver Sherwood for an undisclosed price.

Oliver House Stud is still on offer in the region of £350,000 through Knight Frank & Rutley with Humberts' Tetbury office. It is set in 18 acres at Cheglow, Wiltshire, and the present occupier has produced a number of winners—both flat and over the jumps.

Remember the much-loved Foxhunter?

● Cooke and Arkwright, Bridgend, Glamorgan, in conjunction with Savills of Banbury, Oxfordshire, are offering Llanvair Grange, near Abergavenny, on the edge of the Usk Valley. It is the home of the Foxhunter Stud, founded by Colonel Sir Harry Llewellyn in memory of his famous showjumper which won a gold medal in the 1952 Helsinki Olympics. (£180,000 for the 14-bedroom, five-bathroom Georgian house and 16 acres, or £300,000 for the whole property with about 70 acres.)

In his autobiography *Passports to Life*, 1980, Sir Harry, 72, father of Dai and Roddy, describes how they moved to Llanvair on his birthday, July 18 1953. "It was a little larger house than the dream-home I had envisaged, but it was in a wonderful position with the largest oak, turkey oak and plane trees in Gwent."

Foxhunter, who died at the age of 19 in 1959, is buried at the top of the Blorenge Mountains overlooking the house, his rich golden hide only. The skeleton is at the Royal Veterinary College.

Just on the market too is Priors Field Stud, in 173 acres in Chipstead in Surrey, home of Michael Wates, chairman of the Wates Group, and former chairman of the Thoroughbred Breeders' Association.

He has kept six mares at stud, producing 15 individual winners of 30 races including Do Be Daring, and is now moving on to a farm and stud at Blandford Forum, Dorset.

The joint agents, Tony Morris-Eyton of Knight Frank and Rutley, and Christopher Stephenson, East Garston, Berkshire, who are asking in excess of £850,000, say that interest has been "absolutely phenomenal, on an international scale."

Back on the market is the Tedfold Stud, Billingshurst, Sussex, through Bernard Thorpe and Partners, Tunbridge Wells, Kent, who are seeking offers in the region of £1m. Mr A. J. Lavell, a newspaper distributor, bought the place in 1981 after the death of the Hon Mrs Beatty, when a figure of £750,000 to £1m was quoted.

But with the expansion of his business commitments in the City, he finds he has less time to devote to the stud, the buyer of which will have the opportunity of acquiring shares in Morston, stallion which won the Derby in 1973.

Battlebarn Stud Farm in 43 acres at Sedlescombe, Sussex, has a period farmhouse, 14 loose boxes, an oast house and a 5½-furlong all-weather gallop. In the region of £195,000 through Anthony Brooks, Braxtons, Tonbridge Wells (0892 42727).

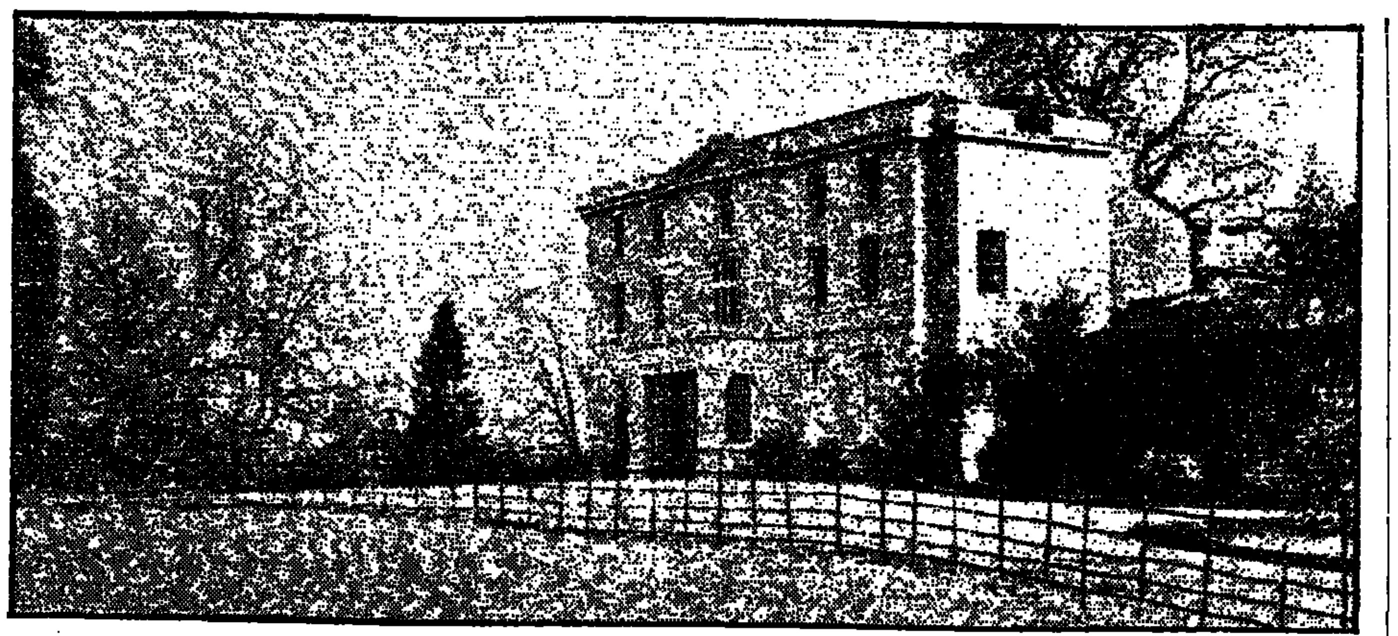
Those interested in a pony stud will find one at Gilmour Bank, Lochmaben, Dumfriesshire, for sale in excess of £140,000 through Knight Frank & Rutley.

Savills are currently offering:

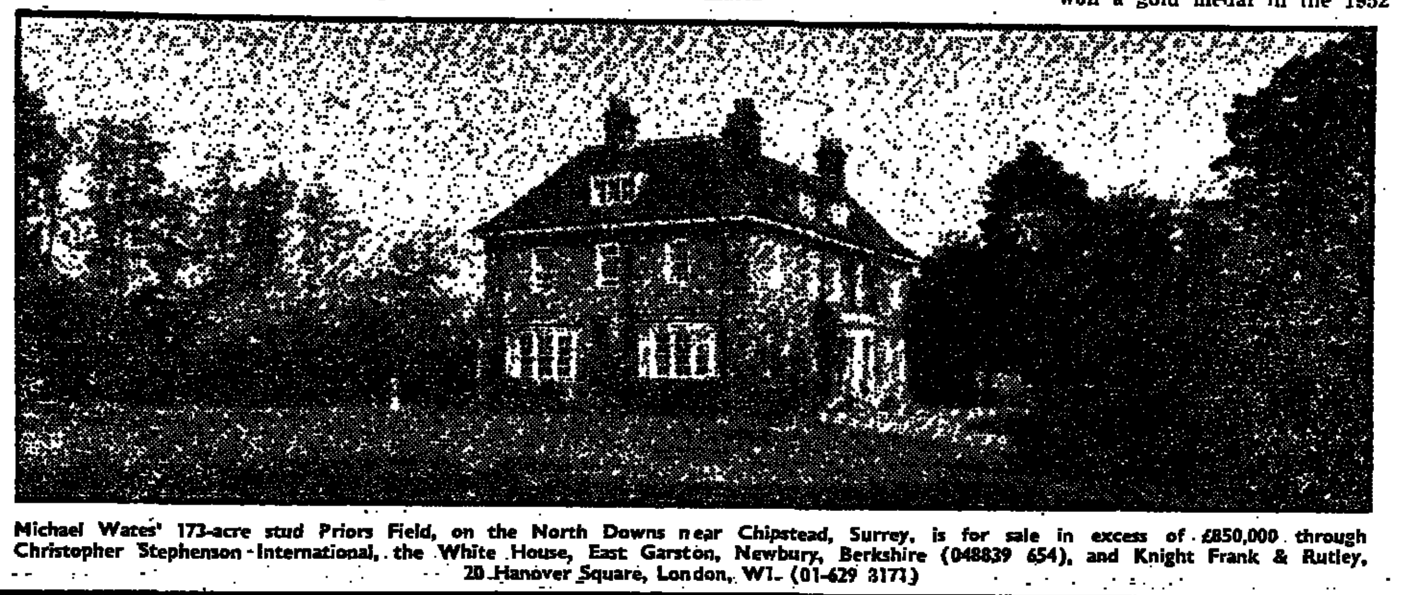
● Woodmans Stud in 115 acres near Horsham, Sussex, where over the past 13 years winners of over 120 races have been bred. (Offers in the region of £350,000).

● East Woodhay House Stud, 76 acres in the popular Newbury stud belt, birthplace of Brigadier Gerard, winner of 17 out of 18 races including the 2,000 Guineas (offers in the region of £555,000).

● Moreton Paddox Stud, in 106 acres at Moreton Morrel, Warwickshire, with a reputation over the years for high-class yearlings including High Top who won the 2,000 Guineas in 1972 (in excess of £575,000); and Uplands Park, in 101 acres near Godalming, Surrey, at about £1.25m. Its claim to fame is that Spring in Deep Sea won the Diamond Stakes at Epsom in 1979.



Llanvair Grange, near Abergavenny, Gwent, home of Colonel Sir Harry Lewellyn's Foxhunter Stud is being offered at £180,000 for the Georgian house and 16 acres, or £300,000 for the property and 70 acres. Brochure from Richard Knight, Cooke & Arkwright, 92 Park Street, Bridgend, Mid Glamorgan (0656 55051), and Savills, 21 HorseFair, Banbury, Oxon (0285 3535)



Michael Wates' 173-acre stud Priors Field, on the North Downs near Chipstead, Surrey, is for sale in excess of £850,000 through Christopher Stephenson International, the White House, East Garston, Newbury, Berkshire (048839 654), and Knight Frank & Rutley, 20 Hanover Square, London, W1. (01-629 8171)

Mortgage scramble

MARGARET HUGHES argues that if building societies are to fulfil their commitment to provide mortgages on demand they will be forced to compete even more keenly for savers' funds.

HAVING NOW pledged themselves to banishing mortgage queues, building societies are having to ensure that they can raise sufficient funds to meet mortgage demand in full. For the time being they are cushioned by the one-off rundown in their liquidity following the change in gilts taxation which is expected to swell the pool of mortgage funds by some £2bn. In addition, societies have for the past year been able to turn to the wholesale markets to top up any shortfall on the retail side.

But savers' investments remain the main source of mortgage funds and that is likely to continue so for the foreseeable future. Competition among building societies has become fierce with societies constantly outbidding each other on the premiums which they pay on extra interest accounts and the small and medium societies tending to lead the way.

The temptation is all the greater now that the basic rates paid by societies is now less attractive as they dropped their rates in March only to once again see market rates move in the opposite direction. Since March the inflow of funds has dropped from £729m to £680m in April and £300m in May.

It is significant that even the larger societies such as Nationwide and Leeds Permanent have launched new higher interest products in their efforts to ensure that they have sufficient funds to meet mortgage demand. Leeds Permanent has reintroduced a 90 days' notice account which pays 7.75 per cent. This is one quarter of a percentage point higher than its previous 90 days account (which it dropped towards the end of last year) but is the same rate as that paid by the other major societies like the Abbey and Halifax which offer a similar product. It also offers instant withdrawal without penalty on investments of over £10,000.

Increased competition for funds prompted Nationwide to launch its first seven days notice account paying, like the others, a premium of 1 per cent above the basic share rate. Other major societies which have launched new product include the Leicester which recently introduced its first 28 days notice account paying 1.25 per cent premium. The Alliance has also announced a further issue of its fixed rate bond which is the only fixed share investment offered by a major building society. This pays a guaranteed 8 per cent net (11.4 per cent gross) up until April 30, 1985 on sums of £500 or more.

The Cheltenham & Gloucester, as always one jump ahead, again improved the return on its Cheltenham Gold Account. It was the introduction of this high premium account three years ago that triggered the *free-for-all* competition for savers' deposits which has become the order of the day. In April this year the premium on this account was increased from 1 per cent to 1.25 per cent. It now pays 7.5 per cent net (10.71 per cent gross) on investments of £1,000 or more with the added advantage that the investor can have instant access to his funds without interest penalty or any notice requirement.

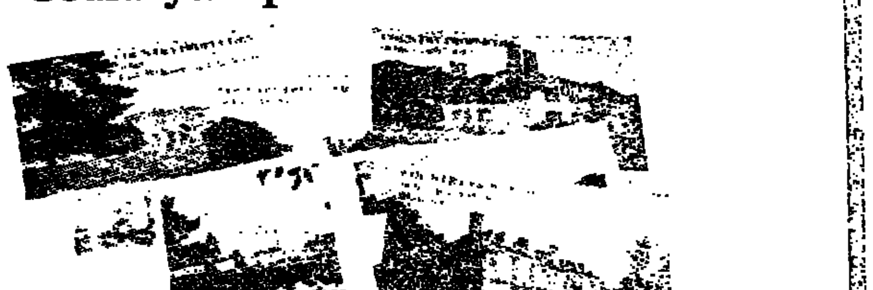
The Skipton now offers an even better return of 7.75 per cent to investors who put over £10,000 into its Sovereign Plus account. This account also offers instant access without penalty but requires a minimum investment of £5,000 on which it pays 7.5 per cent.

As societies are forced to become more innovative in attracting investors, several have introduced a tiered interest rate structure to take care of the investment rather than the more traditional notice of withdrawal periods.

The latest to do this is the Bristol and West which this week launched its treble bonus account. This is a high yielding account aimed at the larger investor. It pays 7.25 per cent net (10.36 per cent gross) on investments of between £1,000 and £4,999 rising to 7.5 per cent on investments in the £5,000 to £19,999 range and 7.75 per cent on investments of over £20,000.

A particular advantage is that in all categories only seven days' notice is required for withdrawal without loss of notice. Other societies generally require longer notices of withdrawal on their higher interest accounts.

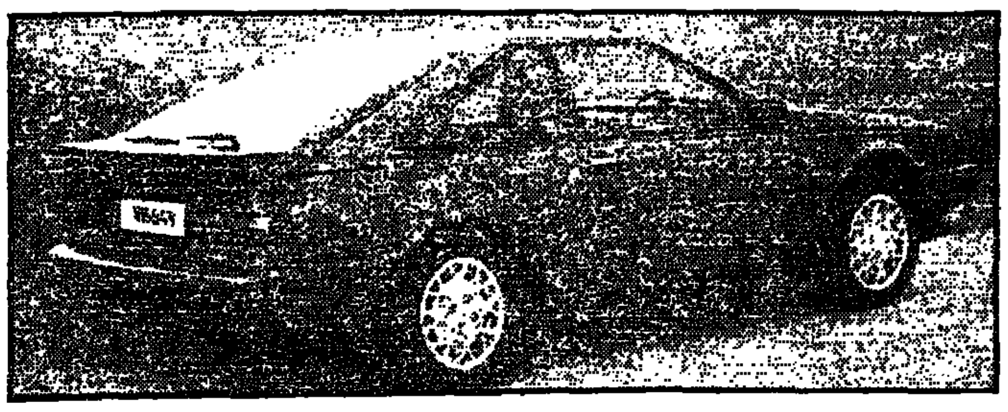
It has become increasingly clear over the past weeks that interest rates for both borrowers and investors will be more variable as societies enter a new era of competition on both the mortgage and investment front.

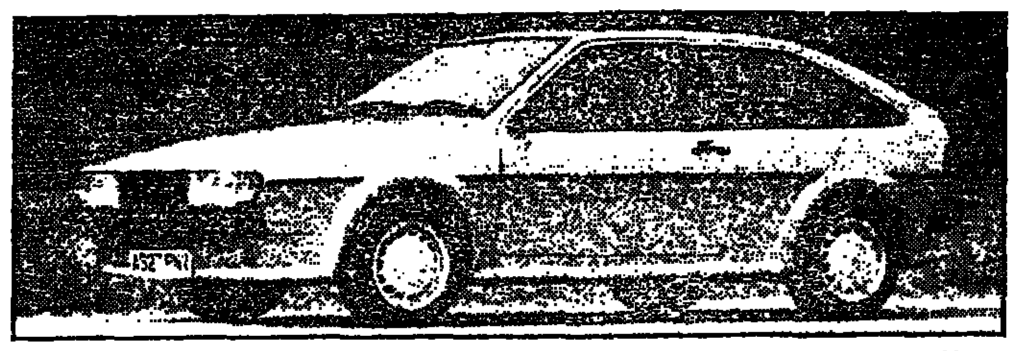


MOTORING

Changed face of ton-ups

BY STUART MARSHALL





Top, Nissan's sleek and sporting two-plus-two, the Silvia 1.8 Turbo. For the VW Scirocco owner seeking a change? Above, special edition from VAG. The Scirocco Storm has leather trim, electric windows and sunroof as standard

HOW DOES ONE define a sports car nowadays? The old idea that you had to suffer a little to get more performance and better handling is dead and gone because today's family saloons would blow the sports cars of 20 years ago into the weeds. *And I am not even sure* that the term sports car can be taken too literally any more.

Surely the roads are for the millions to get around quickly upon with safety and convenience. They are simply not suitable any more for a minority to use to exhibit their superior driving skills.

But the fact has to be faced that a potentially fast and indisputably hard muscled car of compact size is much more enjoyable (and arguably safer) to drive than a bread-and-butter car, *even if it is never fully extended.* Several of the sporty kind have been through my hands recently. The Peugeot 205 GTI and the Daihatsu Charade Turbo I dealt with two weeks ago. Now three more newcomers have entered the ranks of cars that please by being above average in vigour or glamour or even in both.

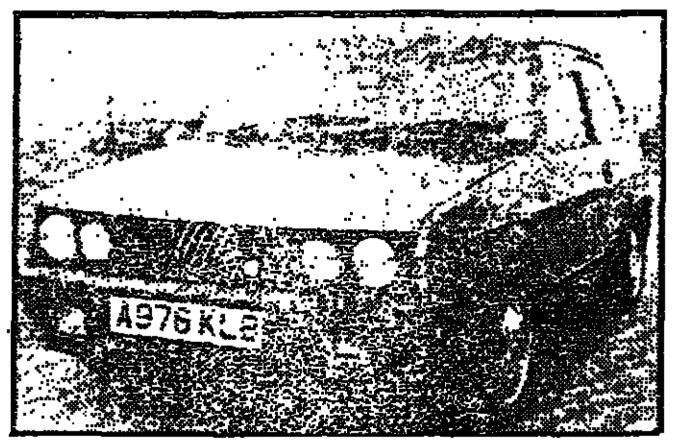
Nissan's Silvia Turbo ZX must be one of the prettiest cars on offer. A sleek and aerodynamic two-plus-two, sitting elegantly on alloy wheels and 60 series tyres, *it would be a hot* favourite in any automotive Miss World competition.

The 1.8 litre four-cylinder engine driving the rear wheels is a development of that used in the Stanza. With a turbocharger, it put out 135 bhp at 6,000 rpm but develops maximum torque (which is to say it pulls hardest) at 4,000 rpm. In practice, this means that although the Silvia will show 60 mph in second and 85 mph in third without going above the red-lined 6,000 rpm mark, it *responds just as eagerly and* satisfyingly to a more sensible and economical driving style.

By changing up at 3,000 rpm the Silvia loses none of its potency but feels agreeably quiet and refined. For the autobahn, 4,200 rpm yields a completely relaxed 100 mph cruising rate with, Nissan reckons, another 30 mph still to come. The Silvia rides firmly but shock-absorbently on minor roads on its all-independent suspension, steers responsively *and sits down securely on fast* corners. I cannot fault the interior, which is lavishly equipped and finished with the finesse one expects of Japanese cars. The manual version, with an excellent close ratio plus overdrive fifth box, costs £8,994. Automatic transmission and power-assisted steering are options at extra cost.

I would not rate the Silvia as a Porsche 924 alternative but it could well appeal to Volkswagen Scirocco owners looking for a change. VAG has *just introduced a limited* edition of its Golf-based, 118 mph coupe, especially produced for the British market by the coach-builders, Karmann. The Scirocco Storm has body coloured extensions to the wheel arches and sills, larger aerodynamic aids, a leather-trimmed interior, electric windows and a sliding/tilting sun roof. It can't match the Nissan Silvia's claimed 130 mph maximum though 118 mph will be more than enough for most buyers. The price is £9,796. I *would reckon on getting a mid-*30s fuel consumption from both Silvia and Scirocco if driven with some regard for economy.

I have not tried the latest Scirocco yet, though I was much impressed by a number of rousing laps of Donington Circuit in a new Golf GTi recently, both driving and as a passenger. My journey to the circuit was made in one of the previous—that is, the original—Golf GTi cars, turbo-charged by Rally Equipe of Bury, Lancs, to produce 30 per cent more power and 40 per cent more torque than standard. It was *magical on the motorway, with* power pouring from the engine in a honeyed cascade so that fourth or fifth gears coped with every contingency except starting. For a brisk 450 miles I saw 30.2 mpg. In my experience, not all turbo conversions are completely successful but this one had no drawbacks at all. The conversion costs around £1,550, plus VAT. Rally Equipe will turbo-charge a wide range of cars from the Rover 3500 to Ford Sierra Diesel. For information call 061 761 1178.



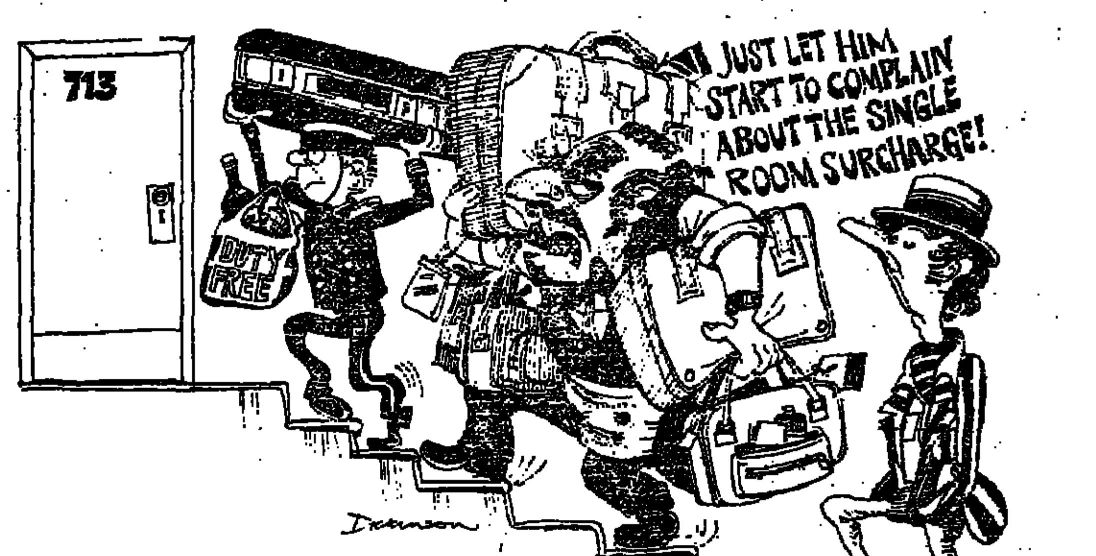
Purposeful yes, but beautiful no. The Abarth 130TC is Fiat's fastest Strada yet, with a 118 mph maximum

Fiat's latest and hottest hatchback is the Strada Abarth 130TC, on sale this week at £7,800. The 2-litre, twin overhead camshaft engine is cross-mounted and drives the front wheels through a German ZF *5-speed close ratio gearbox.*

At the 118 mph claimed maximum speed the engine is just past the 5,900 rpm at which it develops its peak 130 hp but it *is allowed to spin at up to* 6,200 rpm for the heavy footed. Suspension and brakes have been uprated though drums are still used at the rear. Fiat says the 130TC, which I have not yet driven, has better acceleration than any of its class rivals and quotes a 0-62 mph of eight seconds. The official figures also suggest a greater thirst, especially if driven hard.

The single traveller is unloved argues **Arthur Sandles**

The extra cost of going solo



BY AND large the single traveller is a nuisance in the holiday business. No one will actually tell you that to your face but the groan, the eyes turned up to the ceiling, the squint while the small print is consulted . . . all remind you that to travel alone is to be irritatingly different.

The Americans have the wit to market what amounts to the same attitude in a different way. Instead of demanding a surcharge for single occupancy, U.S. hotels profer an apparent huge discount for double occupancy. "We charge no more no matter how many in your party," still really means that if you are alone you are going to be stung.

The reasons for this worldwide attitude are not hard to trace. A single room costs very much the same to build as a double, and single people tend to spend considerably less in *bars and restaurants* than twos or families. Indeed the person most hotels want to see least in commercial terms is the single parent who takes one room and puts kids in another. They are usually badly off, don't drink enough and are demanding in terms of services for the children.

But all that is looking on the blackest side. The facts are that life has become a little easier for the single traveller in recent years. Most tour operators and hotels still ask for additional *payments from singles (anyone* who denies this has probably not grasped that a £20 single room sold as a £25 double means that the single is being surcharged) but on the whole the penalties are not punitive.

Thomson, Britain's biggest tour operator, asked £2.25 a night more for a single in a medium grade hotel on the Adriatic; Horizon £1.90 for a pleasant hotel in Majorca; and Blue Sky £1.25 in Ibizia. There are often one or two holidays in brochures with no supplements *at all.*

The above figures are only examples. There are huge variations from operator to operator, from hotel to hotel. *Some hotels have single rooms* whch they are keen to dispose of, particularly in Switzerland and Austria, while hotels in the Mediterranean basin and in the U.S. tend to have only double accommodation in which they would generally prefer to have two people.

If the very prospect of paying any supplement at all simply because you are by yourself is offensive then there are alternatives. Independent travel is one of them.

As far as the airlines are concerned *it makes no difference* whether you are travelling alone or not, indeed single seats are often easier to find at the last moment. This year there is a flood of low priced seats to holiday destinations on the market. Recent examples include £109 return to Greece, £99 to Ibiza and £49 to almost anywhere if you are really a last minute booker and are prepared to risk disappointment.

Your travel agent will have details and should be helpful about hotels too. Thomas Cook is a major chain which stores details not only of the available flights on its computer, but also *hotel availability. It may well* be able to match up your demands.

In Scandinavia and the Alps you are pretty safe touring *around and staying* at small inns and pensions. At peak weekends you might have trouble finding the perfect place, but the prospect of having to spend the night in the car is pretty remote. Like airlines, car rental companies do not charge more because you are alone.

However, most lone travellers do not really want to be lonely as well. If it is company you are seeking then the field narrows sharply. There are one or two tour operators who specialise in the singles market (other than the youthful swinging singles who are looking for "action"). Solo's is a tour operator which specialises in the 30-plus market for both domestic and foreign holidays. Most holidays have no single room supplement but some have a number of single rooms and, once those are sold, bigger *rooms are at a premium.*

The holidays are aimed at the young mature, if you see what I mean. The elderly or teenagers would feel out of place. If you are nervous try one of their short British weekends first.

Singles Holidays says it is for singles only but places a strong emphasis on shared rooms. It will pair you with a suitable partner (of the same sex) having asked your age and occupation. Its holidays appear to be targeted at the younger, but not teenage, single and if you insist on single accommodation the surcharges are quite *steep (£25 a week on the Costa* del Sol and a whopping £65 a week in peak season on the Algarve), availability limited and "the standard is not always up to that of a twin bedded room."

Saga Holidays is quite used to handling singles in the older age group for which it caters. Usually there is a supplement involved but the compensation is that you are unlikely to be the only single around and anyway this age section tends to be much more chatty. Saga also offers a range of UK holidays, some of which use university accommodation which, sometimes not boasting private bathrooms, is normally specifically designed for *single living.*

The happiest hunting grounds for the single traveller tend to be special interest holidays and domestic trips. Local tourist boards will provide lists of UK specialist trips, everything from free-fall parachuting to painting and pot-making. Even if there are couples along *on this sort of holiday* there is a general feeling of togetherness.

Specialist holidays abroad include such things as cookery weekends in France (contact the French Government Tourist office in Piccadilly, London); trekking in the Himalayas (see your travel agent); or cruising in the Greek Islands or up the Nile (on cruise ships the single room surcharge is usually punitive so be prepared to share with a stranger).

I would not recommend normal cruising for most singles, particularly mature single women, if you are in any way shy. *Cruises attract many* such passengers and while crews are usually extremely helpful and friendly loneliness in the evening can be distressing. This now would not apply to specialist cruises where the project, the next monument, historical centre or lecture, binds passengers together.

The heights of specialist travel, literally, are the long walks in the world's mountainous areas. Since much of the time is spent under canvas the significance of single isolation becomes less relevant. Indeed the only qualifications needed for such excursions are *enthusiasm* and a degree of fitness (not Olympic style health, simply a sound heart and the ability to walk for a few hours at high altitude. Such trips are not cheap but if people do come back from them disappointed, as they surely must, I have yet to hear one.

Further information: Your local travel agent will have the major tour operator's brochures with details of single surcharges. It should also have cheap flight information. Solo's brochure can be had from 41 Watford Way, Hendon, London NW4 3JH. Singles is at 19-23 Church Street, Wolverton, Milton Keynes MK12 5LG. Saga's address is 119 Sandgate Road, Folkestone, Kent CT20 2BN. Sherpa Expeditions, 131A Heston Road, Hounslow, Middlesex TW5 0RD operates treks. English, Scottish and Welsh tourist board information on specialist holidays can be had from the boards.

CHESS

LEONARD BARDEN

RESULTS of the 1984 Novag Commonwealth Championship in Hong Kong, reported here a few weeks ago, have gained in status following later successes of the top players. Kevin Spraggett of Canada was the champion, incidentally earning a Grieveson Grant award to compete for the British title at Brighton in August. Spraggett won on tie-break from Murray Chandler, who then performed brilliantly *at the Phillips & Drew/GLC* Kings against Karpov and the world elite; while Murshed of Bangladesh, tied third in Hong Kong, later took first prize in the Oakham junior international.

Before the Commonwealth *event some doubted* Spraggett's ability, even though his FIDE rating of 2540, equal to a British grade of 242, made him automatic top seed. At 29, he has played little outside North America. But he, too, franked the Hong Kong form when he travelled to the U.S. for the richly endowed New York Open. Its $10,000 first prize was probably a record for a week-end tournament and attracted an elite field of 17 grandmasters and 30 international masters.

At many similar events with large prizes at stake over only a few rounds, the favourites opt for cautious play, preferring to share in a multiple tie rather than risk a defeat. It says a lot for Spraggett's confidence that he went boldly for outright victory against his main rivals, defeating two American GMs and then winning under pressure in the final round where a slip could have cost a fortune.

Nervous tension affects many decisive last round games and a good psychological approach can swing the result. The right technique is to keep the initiative and overall control, gradually building up small positional gains without unduly forcing the pace. Spraggett handled this strategy to near-perfection in his $10,000 game while his opponent's disjointed probes simply conceded vital central squares.

White: K. Spraggett (Canada). Black: R. Dzindzihasvili (U.S.). English Opening (New York Open 1984).

1 P-QB4, P-QN3; 2 P-QN3, B-N2; 3 B-N2, P-K3; 4 N-KB3, P-KB4; 5 P-N3, N-KB3; 6 B-N2, P-N3; 7 0-0, B-N2; 8 N-B3, 0-0; 9 P-Q3, P-B4; 10 P-K3, Q-B2; 11 Q-K2, P-Q4.

White's pawn formation is restrained but flexible, allowing a later advance by P-Q4, P-K4 or even P-QN4 according to circumstances. Black by contrast is out to force the pace—too much so. Simpler is 11... P-Q3, perhaps followed by the regroup N-B3-Q1-KB2. White cannot refute 11...P-Q3 by 12 N-KN5 because of BxB; 13 NxKP, BxR.

12 QR-B1, PxP?

Another unforced error reflects the last round pressure, and allows White a mobile central pawn majority. Best is 12...N-B3.

13 NPxP, N-B3; 14 KR-Q1, QR-Q1; 15 P-Q4, KR-K1; 16 B-QR3!

Already planning to invade the black position along the QB file.

16...N-QN5; 17 N-K5, BxB; 18 KxB, Q-N3 ch; 19 K-N1, N-

PxB; 22 P-B3, Q-N2; 23 N-Q3! P-QB4; 24 P-B5, R-QB1; 25 K-N2!

Another example of good pressure-game psychology. This quiet move protects the KBP, prevents BxP with check in case of a later P-K4 advance, and brings the king a square nearer the centre for a possible endgame. Finally it invites Black to chase the QBP and thus sets a trap.

25...R-B1? 26 N-K5! PxP; 27 PxP, RxP; 28 RxR, BxR; 29 N-Q7.

The dark squares around Black's king, weakened by his earlier over-forcing play, are now the target for White's final attack.

29...B-K3; 30 Q-B4, B-Q1; 31 R-Q6, K-N2; 32 Q-Q4 ch, K-R3. This allows a mating finish, but 32...K-N1; 33 N-B5 is also decisive.

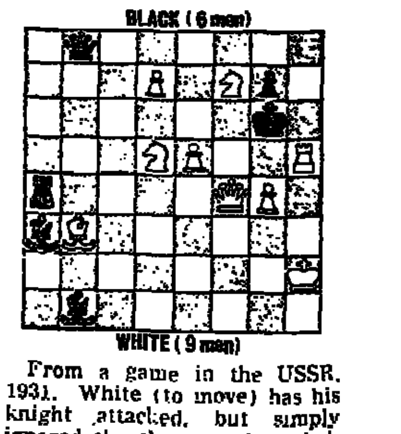
33 N-K5, Resigns.

The finish could be 33...B-B3; 34 R-Q7, Q-B1 (if BxN; 35 Q-R4 mate); 35 N-B7 ch, K-N2; 36 N-N5 dis ch and wins.

Apologies to solvers for a printer's gremlin in last week's position diagram which gave Black an extra QN7 bishop.

POSITION No. 519

BLACK (6 men)

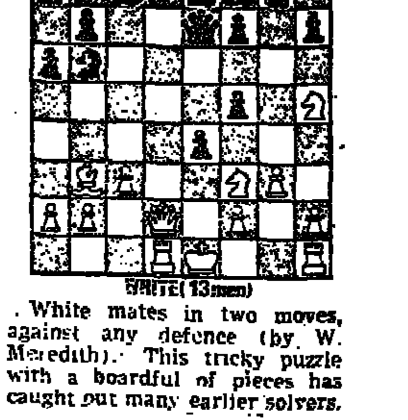


WHITE (9 men)

From a game in the USSR, 1931. White (to move) has his knight attacked, but simply ignored the threat and castled. Is it safe for Black to reply PxN?

PROBLEM No. 519

BLACK (12 men)



WHITE (13 men)

White mates in two moves, against any defence (by W. Meredith). This tricky puzzle with a boardful of pieces has caught out many earlier solvers.

BRIDGE

E. P. C. COTTER

THE DEFENDERS do not as a rule have much in the way of trumps, so it is essential for them to take full advantage of the trumps that Fortune has bestowed upon them. Every player, even the neophyte, is ready to ruff one of the declarer's tricks, but it takes a player of experience to understand the principle of trump promotion, and how to operate it.

One form of trump promotion is known as the Uppercut, a most expressive term, which you can study in the following deal:

N
♠ 8 4 2
♥ A 7 6 4
♦ A Q 5
♣ J 6 3

W
♠ A K 10 9 7 3
♥ J 8 2
♦ 10 4
♣ 9 5

E
♠ J 5
♥ 10 3
♦ J 9 7 3
♣ Q 10 8 4 2

S
♠ Q 6
♥ K Q 9 5
♦ K 8 6 2
♣ A K 7

With both sides vulnerable, South dealt and bid one no trump, West passed, North said two clubs, to which the opener replied with two hearts, and North's raise to four hearts concluded the auction.

West cashed the Ace, King of spades, and East petered with Knave and five. West decided that it was just possible for East to have a trick in clubs, but that, in order to defeat the contract, a trump promotion was the only hope. To bring this about, East must hold the ten of hearts, and use it as a ruffer on a third round of spades. To make the position clear to his partner, West continued with the three of hearts, asking East to ruff with his highest trump. This East did, and South overruffed with the Queen. This promoted

an inescapable loser in clubs, went one down.

Excellent defence, but had I been South, I would have thrown the club seven instead of overruffing. Declarer can then win the club return, draw trumps, cash the other club honour—the Vienna Coup—and fulfil his contract by a squeeze against East.

To illustrate another form of trump promotion, here is a hand from partie fixe:

N
♠ 9 3
♥ K Q 10 9 7 5
♦ 7 5
♣ Q 5 4

W
♠ 10 7 6 2
♥ 8 6 2
♦ 8
♣ K 10 8 5 2

E
♠ 4
♥ 4
♦ A K J 10 6 4 3
♣ A J 9 7

S
♠ A K Q J 8 5
♥ A J 3
♦ Q 9 2
♣ 3

At game all South dealt and bid one spade, North said two hearts, and my partner, sitting East, came in with four diamonds. South said four spades, and all passed.

I led my singleton diamond, and East cashed King and Ace, while I discarded the two of hearts. My partner now cashed the Ace of clubs—what was I to do? To drop the ten was not good enough—the declarer might well have a singleton—whereas a diamond return would promote my ten of spades. How could I convey my desire for a lead of that suit? The light dawned. Thank heavens I was playing with a really good partner. I played my King of clubs. It could not be a singleton, and with the Queen on the table, it must be a demand for a diamond return.

My partner, Clair Sexton, got the message, led a diamond, and we defeated the contract. Incidentally, this defensive signal won a prize offered by one of the national newspapers. You may say that the two of clubs, after my earlier discard of the heart two, would have been given the same message. Possibly, but why strike a

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

INTERNATIONAL & BRITISH EDITORIAL, ADVERTISEMENT & CIRCULATION OFFICES

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هكذا صدر الأصل

HOW TO SPEND IT

by Lucia van der Post

Girls will be boys

CROSSOVER dressing is what the Americans call it. Gender-bending is how a journalist colleague described it. But whatever words you choose to use, the idea is nothing new. From Chanel in her mannish tweed jackets to Garbo and Katharine Hepburn in their over-sized trench-coats, women have long realised the charms of borrowing clothing from their menfolk.

A straw poll round my office of three reveals one of us wearing her husband's Barbour, another wearing a borrowed navy-blue cashmere man's cardigan and the only reason I'm all in my own clothes is that gap between my own 5 ft 2 in and my husband's 6 ft 1 in doesn't lend itself to much of an interchange.

As you will have gathered from this preamble this year's summer look, among those with a nose to catch a trend when it is still just a whiff in the air, is distinctly androgynous. The chic head is cropped, pale and delicately boyish. Sophie Hicks, fashion editor of Tatler, and as modish as they come, has been looking boyish for years. With her cropped hair, pale, unmade-up face, a colleague describes her as looking like the Young Byron.

A shorn head is all very well for those young enough and delicate enough for it to enhance their gazelle-like features but for the rest of us there are other ways of playing the gender game.

Take shirts. The best men's shirt-makers have traditionally been streets ahead of those who made them for women. Old skills, old allegiances to high quality, fine materials and an air of impeccable class were what made women cast longing eyes in their direction. Now several of the old-established shirtmakers are making a point of offering all these things to women as well.

Hilditch & Key (shirtmakers since 1899) of 37 Jermyn Street, London SW1, is one of the latest to cotton on to what it perceives to be a good thing. When it realised quite how many of its cool cotton pyjamas, its classic dressing gowns, baggy nightshirts, and this year above all, its boxer shorts, were being bought by girls, it decided to produce a collection of clothes with a distinctly masculine look but in sizes to fit the female form.

Boxer shorts are the current hottest favourite—cut without a fly front, they come in pink and yellow striped pure cotton and cost just £8.95. There is also a matching 2-button vest for £17.95 and a T-shirt at £22.95 (p+p £1.40). If you're having trouble visualising what kind of a social event this little lot could possibly be right for, the answer it seems, is that they are being worn to the beach or at that ever-popular meeting place, the exercise class.

If you've had enough of nightwear that's frilled to bits, then the cool, classic lines of Hilditch & Key's cotton pyjamas will seem like a welcome relief. In a choice of Jermyn Street stripes, in sizes small, medium and large, they are £45 (also available by mail for £1.40 p+p).

Shirts of all sorts, in particular for summer the white ones with the cut-away collars and, of course, the dress-shirts (see the photograph below) are the other obvious items to purloin from a man's wardrobe but many of the smaller accessories, things like silky bow ties, handkerchiefs and cufflinks can look just as good on a woman.

James Meade Shirts (mail order only from FREEPOST Dept. FT02 London SW9 8BR) about which I've written in the past is also making a point of offering to women the same shirting fabrics that it has been offering to its male customers. Write for the brochure and choose from the cotton poplin shirting the styles that appeal to you most.

When it comes to underwear the trend to cutting out the frills and aiming for the simple shapes that men have used for years is to be seen everywhere from Marks & Spencer to the most exclusive boutiques.

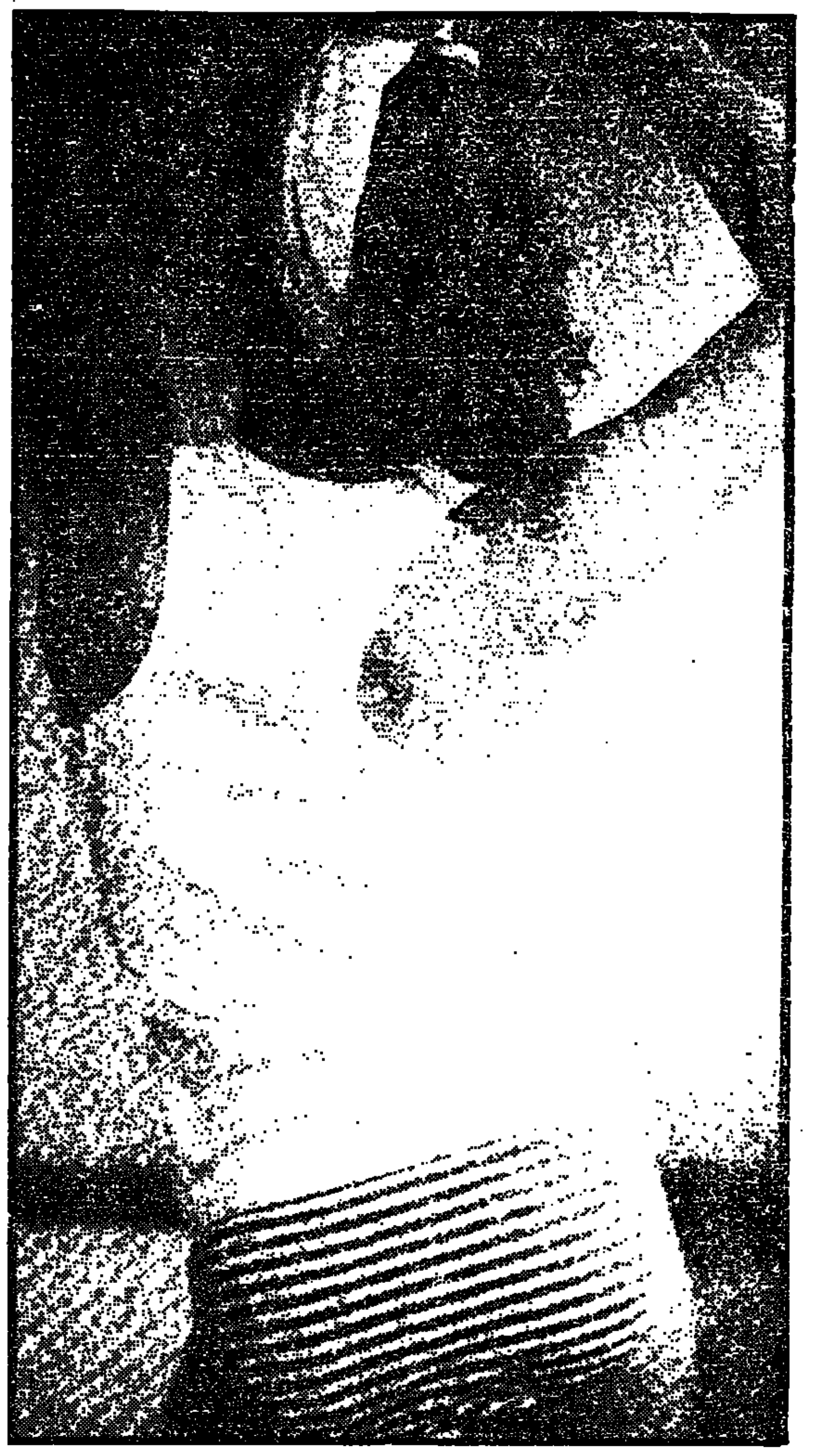
Night Owls of 78 Fulham Road, London SW3 is currently promoting silk satin vests and boxers shorts at £64.40 the set while at Fenwick of 63 New Bond Street in London W1 the word is that boxer shorts are the hottest property this summer. Cotton boxer shorts come in stripes, spots and bold prints (Hawaiian prints for those aiming for the all-American tourist look) and cost £7.95 each. Pure silk boxer shorts in plain bright colours are £9.95.

Though the store reports that most people are wearing them as under-garments there is a small but discernible group using them as beach and leisure-wear.

Fenwick is also offering over-sized shirts which are being worn as short dresses on their own or worn belted over shorts and skirts. In plain cottons they come in one size only and cost just £12.95.

You can finish the look with chic natural straw trilbys and Panamas (so much classier than those over-decorated fruity and floral numbers that seem to come out for British special events).

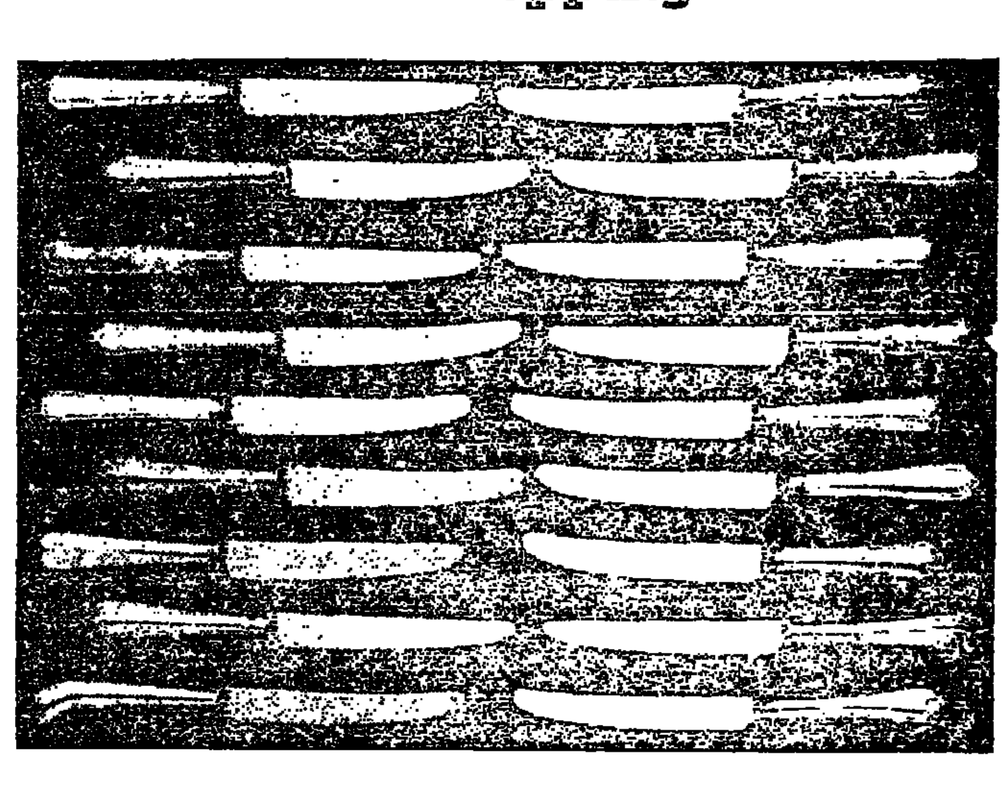
So far in the circles in which I move, most of the crossover dressing has been just one way. I haven't seen too many Boy George look-alikes gracing the tables of London's dinner-tables and unfair and sexist though it may seem I'm earnestly hoping it stays that way.



FOR those who find that trend-setting usually comes expensive, the place to go, of course, is Marks & Spencer. Quick on the draw this summer, the special M & S selected branches (Marble Arch and Pantheon, Oxford Circus in London, Brent Cross, Manchester, Newcastle, Edinburgh, Solihull, Burton and Leicester) has quite a selection of women's underwear which has taken its lines and its inspiration from menswear.

There are cropped stripey muscle vests and matching bikini pants (see photograph, above) in either white and mint green stripes or white and candy floss pink stripes. There are longer singlets with matching briefs (in white or mint green or pink) and then there's a T-shape top and a mesh vest, again in the same choice of colours. All make charming underwear and several of the tops would look equally good on the beach or worn with jeans. Prices start at £1.50 for the briefs, £2.99 for the pure cotton vests and T-shaped tops are £2.50.

Table toppings



THERE isn't a household in the land that doesn't require some kind of utensils for the daily ritual of eating. Whether it be beautiful old inherited silver or some jolly bistro ware in stainless steel and wood, cutlery plays an important role in setting the mood of the table.

Most of us are rather short on fine old family heirlooms and feel that maybe we could do with something a little more like a traditional Rattail, and [illegible] or Whitehall to [illegible] richer more [illegible] like La [illegible] and Queens, refined or more formal than bistro cutlery, so where to go?

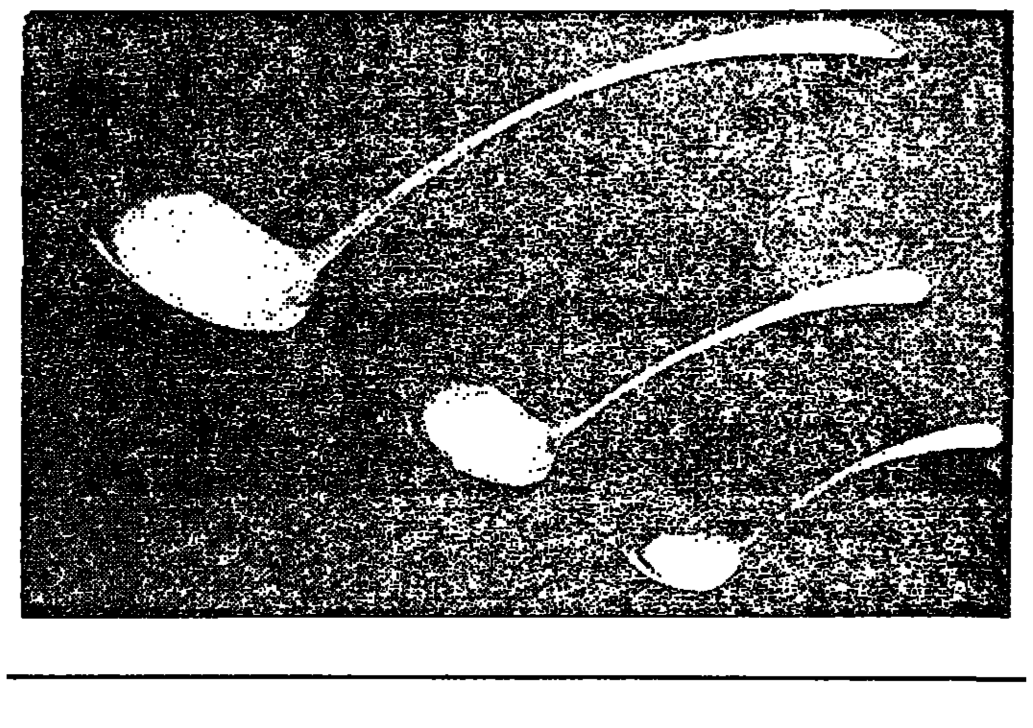
Hugh Foulerton's mail order operation could be a good place to start. He sells a wide range of mainly traditional cutlery at exceedingly competitive prices. Many of the patterns, like Pistol Handle, Rattail and Old English, date back to the 14th century, while others date from the 17th and 18th century. All can be bought either individually or in sets and are made in Sheffield.

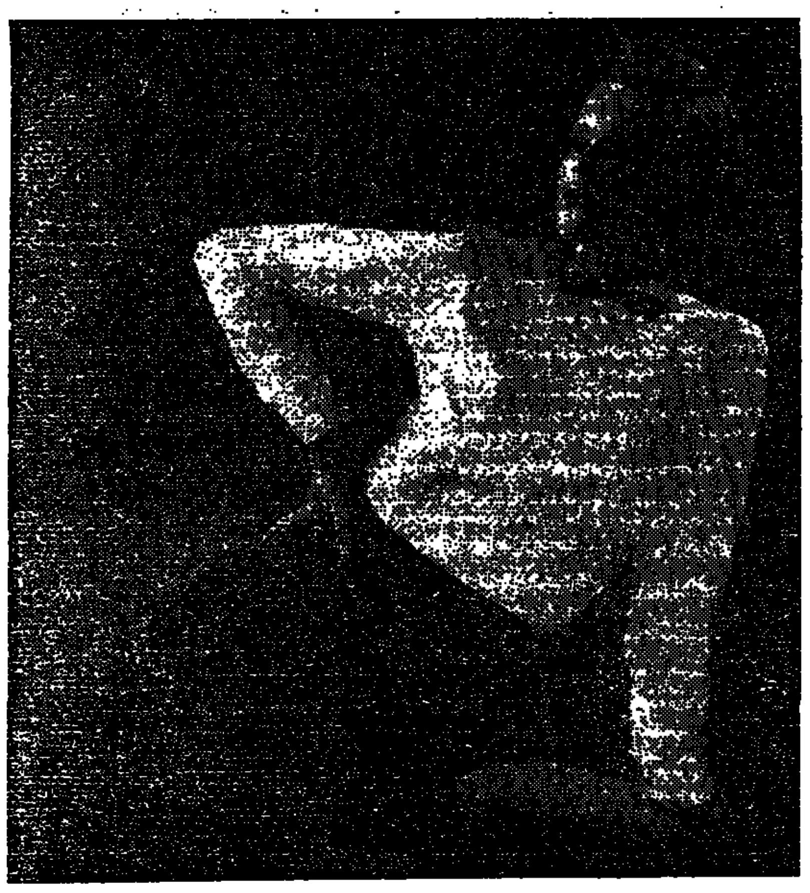
Potential customers should first send off for the catalogue (it is free from Hugh Foulerton Cutlery, Castle Buildings, Heswall, Wirral L60 7SP). Beautifully produced, in colour, it describes and photographs each of the many patterns that are on offer. From the simpler lines there ought to be something there for every taste, except the most rigorously modern. A large selection is seen photographed above. There are altogether 12 different ranges of cutlery plus over 50 different accessories (things like the ladles photographed below, serving knives and forks, sugar spoons, tongs, and so on).

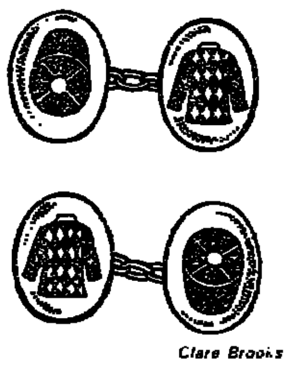
Every range can be ordered in four different qualities of silverplate. In addition it is possible to order everything in sterling silver which comes with a lifetime guarantee, or gold plate.

Prices are extremely competitive. Hugh Foulerton claims that his prices are on average as much as 40 per cent below the normal retail price and a quick check on very similar [illegible] of identical quality [illegible] a [illegible] place setting [illegible] about £70 for a [illegible] place setting, the Foulerton equivalent sells at about £35. Both sets of cutler were made according to the British Standards BS5577.

Anybody who wants to see the cutlery and happens to be in the Chester area can visit the showroom at 2 Frodsham Square, Frodsham Street, Chester CH1 3JS.







Clare Brooks

NOW that double cuffs have become fashionable once again, and this time round for women as well as men, it is time to focus on the links that hold them together. Paul Longmire of 12 Bury Street, St James's, London SW1, holds no fewer than two Royal Warrants and prides itself not only on its collection of 19th and early 20th century jewellery but on having the largest selection of cuff links, not just in this country, but in Europe. Prices *range from £50 up to £5,000.*

Anybody with a particular colour, material, engraving or pattern in mind could spend hours looking through the collection but if, after all that searching you don't find exactly what you have in mind, then Paul Longmire will make special links to your exact requirement. From initials, crests, racing colours, burgees or tartans, the cuff-links it has made are more varied than I had ever imagined possible. Special orders have included requests for pictures of pets or grand-children to be included and Walt Disney World has just asked it to make a special cuff link for the new Epcot Center in Florida.

The pair shown sketched here are just one among the many hundreds available. These feature racing silks enamelled on gold. Prices start at £190 for a special design in silver, £390 for 9-carat gold.

PHOTOGRAPHED, above, is part of the Hilditch & Key summer collection aimed specially at women. With a long-established reputation as a traditional maker of men's shirts, it had ever an eye open for expanding markets and didn't need too much of a crystal ball to see that one logical way of increasing its sales might be to aim its wares at the gentler sex.

The styles have only been slightly adapted, mainly to cope with the smaller sizings, so that all the qualities that originally appealed to the female eye, remain. Shown photographed here is a classic hand-pleated dress shirt complete with wing-collar, fly front and double cuffs. Here it is shown with one of the Hilditch & Key slim, silky bow-ties and a pair of enamelled cuff links. The shirt is £49.50, the bowtie £8.50 and the cuff links £23.95. In sizes 10 to 18, all can be bought either direct from the shop itself or by mail from Hilditch & Key, 37 Jermyn Street, London SW1 (p+p £1.40 per item).

THIS is how Jeff Banks, the chief designer and main inspiration behind the Warehouse chain, sees the woman of 1984. Always a touchstone for the mood of the moment, so legendary is his feel for style that Leslie Winer, one of America's top models, allowed him to mastermind the way she looked when he used her for photographs of his current collection. She allowed Alec at Section of London's Walton Street, SW3 to crop her hair, giving her this season's spare, little boy look. The haircut, Jeff Banks feels, emphasises the spirit of the Eighties woman—she doesn't hide behind false femininity, she can be efficient and organised, and play as decisive a role as any man. Sue Mann did the make-up and John Bishop did the pictures.

Though this is how Jeff Banks sees the summer look, Warehouse clothes don't follow the strictly masculine line. The collection is very spare, featuring good, strong shapes, whether big and outsize or slim and narrow. Frills and furbelows, fuss and detail are out.

Food for thought

IT SEEMS one of fate's less amusing tricks that just as the level of food and cooking to be found in homes and restaurants up and down the country began to reach extremely high standards we all began to discover just how bad for us it was. No sooner had we mastered the bearnaise, chocolate marquise, the filet de boeuf en croute than we became aware that they were doing nothing to improve our health.

So, if you can't bear to lower your culinary standards but still hope to retain your health, your waist and your wits you might like to know that Prue Leith, ever alert to the changing gastronomic trends, has planned a gourmet's health food cookery course which will run for five days from June 25 to June 29.

Caroline Waldegrave, principal of Leith's School of Food and Wine will run the course, an introductory talk will be given by Christopher Robbins who is chairman of the Coronary Prevention Group and then there will be demonstrations of a whole series of dishes that are "delicious, unusual and healthy without being cranky."

Many of the recipes will be vegetarian and all will be low in calories. Students on the course will cook the dishes themselves. A typical menu might consist of spinach and fromage blanc strudels, ceviche, lamb pilau, frozen yoghurt with blackcurrants.

Anybody wanting to attend the course should write to Leith's School of Food and Wine, 36a Notting Hill Gate, London W11 3HX. The price of the five-day course (which includes the folder of recipes and the food which students will be able to take home with them) is £160.

POSTSCRIPT

WE ARE in an age of self-improvement and around the country those with time enough are learning to do for themselves the sort of things they once wouldn't have dreamed of understanding let alone tackling on their own.

Take upholstery—once it was left to the professionals, now many a housewife is having a go. If you'd like to try it Sandra Rowney who runs her own upholstery business, teaches the craft at adult classes and buys pieces which she restores and sells, will teach you how. She offers what she calls Upholstery Weekends at her fully-equipped workshop in Suffolk.

They are held on the first weekend of every month, "students" are put up in a nearby farmhouse and tuition plus full board (breakfast, lunch, morning coffee, afternoon tea and evening meal from Friday night to Sunday teatime) costs £60.

Complete beginners are welcome and "students" can bring along a piece of furniture of their own, if they wish, to work on during the weekend. By the end of the two days you could expect to have completed work on a "stuffover" dining chair, stool or a set of drop-in dining seats.

Write for further details to Sandra Rowney Upholstery, Victoria Farmhouse, Private Road, Earsham, Bungay, Suffolk. (Tel. Bungay 4360).

●

Many readers already know of Annie Cole who specialises in selling traditional hand-knitted bedspreads, either in their finished form or in kits which readers may then knit themselves.

The reason for mentioning Annie Cole now is that she has at last perfected her own interpretation of the Wheat-ear Victorian pattern—the language in Victorian knitting circles was apparently very different from our own.

Anyway, she has finally done it. The result is a wonderfully calm and elegant looking design for those who wish to make a bedspread of their own, using the cotton which Annie Cole particularly recommends not only because it was the traditional material used for bed-spreads of this type but because it is long lasting and washes easily. Colours are white or ecru.

Instructions for the bed-spreads come for sizes 5 ft 6 ins by 8 ft and 8 ft 6 ins by 8 ft. Anybody wanting to buy them ready-made will have to pay £150 for the smaller version and £232 for the larger. Kits are £44.80 and £58.50 respectively.

For a full list of all the bed-spreads, the kits, the cushion covers and the cot and pram covers that are available write to Annie Cole, 73 Princes Way, Wimbledon, London SW19.

●

John Ashby has been furrier in Oxford for over 25 years but he recently decided to offer a postal service to deal with the many requests he had to do repair and renovation work on furs and sheepskins. Anybody who has an old beloved garment and has found conventional furriers a trifle snooty about the point of repairing it might like to try John Ashby instead. Nothing is too old for him—if it is valuable to you, he will do his best.

It is hard to quote exact prices because the amount of workmanship required varies so enormously but everybody gets a written quotation once he's seen the garment.

His service seems to be uniquely helpful and friendly but he has a lot of work and isn't always speedy. Write to him at 70, Kingston Road, Oxford.

Leonard Burt

Award for young artist

Rosemary Beaton, 20, a third year student at Glasgow School of Art, is pictured with her study of her fiance, "Paul," which has won this year's John Player Portrait Award. The painting is on display at the National Portrait Gallery

David Murray visits Sir William Glock's last Bath Festival

An embarrassment of riches

The 35th Bath Festival ends tomorrow, and so does Sir William Glock's term as Artistic Director. For ten years he has applied the same imagination and rigorous standards to Festival programming that marked his earlier stewardship of BBC music; the new director William Mann inherits a splendid tradition. There is no reason to fear that it will be fractured—rumour indicates that next year's Festival will be a comparable showcase for the most exciting young artists, and that this year's Hungarian connection will be extended and ramified.

Besides literary events and a lively representation of the visual arts, the musical centre of the Festival has been richer than ever. It is a kind of blessing that there isn't room for full orchestral concerts (though choral works with orchestra thrive in the Abbey and at Wells Cathedral): adventurous planning gets more scope that way, not less. Even on a flying visit one finds an embarrassment of riches, over and above the fixtures of an annual "theme"—this year Mazes, with a retrospective of Michael Ayrton's Minotaurs, ceramic labyrinths by Bryan Newman, the chamber version of Tippett's *Knot Garden* (reviewed here by Max Loppert) and a new permanent maze beside Pulteney Weir.

I found the young Endellion Quartet playing Haydn and Schubert, and Mozart's G minor Piano Quartet with Glock himself (Schnabel-trained, but always shy about public performances). In Haydn's Quartet in E from the op. 54 set the Endellion sounded thoughtful and temperately warm, less incisively led than the music might suggest. In the Mozart they were deferent to Sir William, whose fingers were occasionally stiff in elaborate figuration, but struck out bold ideas with conviction. The great C major Quintet of Schubert, with superlative support from Steven Isserlis as extra cello, got a luminous performance (despite a broken string in mid-Adagio!)—marvellously easy, natural transitions in the Allegro, and for once a Scherzo and Rondo with the same exalted concentration as the rest.

At Newton Park College the Festival's featured composer György Kurtág expounded his revolutionary piano studies for children, *Játékok* ("Games"), with his wife Marta and brimming enthusiasm. They are redoubtable pianists and pedagogues, and Kurtág's penchant for pungent miniatures—of which his most famous sequence is the searing *Messages of the late Miss R. V. Troussova*, performed the next day—adapts perfectly to writing for very young pianists.

György Kurtág

The *Játékok* volumes (four so far, more promised) are some way after Bartók's analogous *Mikrokosmos*. Middle European folk tunes surface in the more advanced pieces, as in Bartók, but generally fragmented. Different melodic lines and patterns often run in free tandem, especially in the duet-pieces of the fourth volume: the effect sometimes evokes a less calculated Messiaen (the players expressly *don't* have to be quite together), and is magical.

Kurtág's special insistence is, however, upon encouraging the novice pianist to take cheerful command of the whole keyboard from the start—even before he or she is ready to place the "right" fingers on prescribed notes. There are pieces designed entirely in note-splashes for the palms of the hands, and others which revel in tremendous waves of glissandi up and down the white notes and the black. (There is a wonderful cartoon of *the* Chaikovsky piano concerto just for palm-splashes, *fff*.)

There is work for elbows and forearms, too, and even a piece or two for the child too little to reach both ends of the keyboard at once (one *walks*, or toddles, up and down to hit the right places). Delightful inventions, aimed at making children happily at home both with the instrument and with the syntax of modern music. Boosey and Hawkes carry the Editio Musica Budapest volumes.

The Theatre Royal has an acoustic too dry to flatter a piano, but Alfred Brendel's Schubert recital triumphed over it. His brilliantly austere account of the A minor Sonata, D. 784, was a revelation, and the great B-flat was unexpectedly volatile as well as continuously lyrical, and lovely. Much subtlety, no point-making: pure music.

The call of the wild

British people, as Noël Coward pointed out in "Mad Dogs and Englishmen," have a healthily carefree attitude to exotic climes. Today, in the age of mass media, more so than ever. Even the wildest outposts of Nature, whether sunburned bush or darkest jungle, are places whose terror is tamed by the fact that *however* lost in them we might one day be, there is always the chance that the nearest palm fronds will part to reveal an eruditely panting David Attenborough or a bearded and burbling David Bellamy.

These two men have played David to the Goliath wilderness for decades now. But for feral impact and vivid reportage they have a rival on videotape: Lorne Greene's American series *Last of the Wild* (Thorn/EMI). Greene is the portly silverhead who used to conduct cowboy matters in *Bonanza*. He has now gone on to the next most gung-ho thing and donned a safari suit to stalk the wilds of Africa and South America, compering these six 50-minute documentaries.

Snakes, crocodiles, antelopes, elephants and others are all depicted with a largesse of fact and rare immediacy of camera-work. Having long had a love-hate response to reptiles and amphibians myself, I especially commend the sections on these animals. The snake footage is astounding: scenes of serpents giving birth, eating rats, fighting mongooses and being caught and bundled into sacks by the intrepid Jack Seal, "the only snake hunter in South Africa to hunt without gloves."

Meanwhile the crocodiles patrol the Nile like corrugated submarines, winning yet more of Greene's awed admiration. These creatures are the last descendants of the dinosaur and just as unpredictably behaved. Even when we think we are in for some peacefully enthralling footage of a baby croc hatching from an egg, along comes the giant Nile Monitor crocodile, who feeds on the former and eats it. We should all remember, when applauding the back-to-Nature message of films like *Greystoke*, that Nature isn't all friendly eco-balance but will dine on *you* briskly if you don't dine on it first.

Wolfgang Amadeus Mozart had scarcely any problem with snakes or crocodiles, being born into Salzburg in 1756. *Mozart in Salzburg* (Thorn/EMI) should be sampled as the perfect antidote to *Last of The Wild* like winging into the high-society second half of *Greystoke* after the jungle antics of Part 1. Music critic Antony Hopkins, wearing a friendly frown and a Roman hairstyle, guides us through Mozart's life, times and work in the town of his birth. Between stretches of narration, stylishly illustrated with old engravings and glimpses of the town's beauty spots, the Salzburg Mozarteum weighs in splendidly under conductor

VIDEO

NIGEL ANDREWS

Kurt Weikert to play such Salzburg-born pieces as Piano Concerto K 453, Divertimento K 136 and bits of opera with soprano and tenor. All this and digital sound too.

Meanwhile that great Scottish answer to Mozart, Bill Forsyth, is honoured by having his first film *That Sinking Feeling* issued on video (Palace). Glasgow is Forsyth's Salzburg, where the woodwind of teenage aspiration meets the dark tympany of recession Britain. This glorious comedy — I'm heretical enough to think it his best film, more anarchic and inspired than *Gregory's Girl* and *Local Hero*—is about a group of youths trying to get rich quick by stealing a warehouse-load of stainless steel sinks. But the plot matters less than the comic inspirations, verbal and visual, which turn the whole movie into a feather-light fairy tale.

Lastly, a brief note on the state of the trade. There is usually, at any one given time, at least one video company whose image I feel the urge to kick. My current voodoo doll is CIC. Not only are they the sole video company who have refused, with incredulous persistence, to send me review copies for my beautiful machine since I began this column, but their managing director Laurie Hall has also become the first video mogul to nail his colours to the mast of the wretched Video Recordings Bill. "Perhaps," he said recently in a trade paper, "with the bill helping to clean up the business, we can now look forward and promote all the best aspects of video." Such as suppression, bowdlerisation and the erosion of the viewer's freedom to choose his own home entertainment! I think we should all get together to clean up CIC and given a sufficient number of volunteers I am willing to cast the first packet of detergent.

Crime, punishment and living history

We may forget D Day for another 10 years now, but at least BBC Radio covered the 40th anniversary with an expected and admirable restraint. The one programme on the main channels filled 10 minutes on Radio 4 (there was another on BBC Radio WM that I didn't hear). Alan Haydock and Dan Kelleher had compiled an excellent narrative, spoken where necessary by Frank Windsor but presented mostly by a jigsaw of miscellaneous recollections.

There were Churchill and Vera Lynn and Lord Lovat, and dozens of telling details from senior officers and junior officers, soldiers, sailors and airmen. Press correspondents, broadcasters, nurses, agents and King George VI.

I also heard, on tape, a small-scale programme of the same kind from BRMB, the Birmingham independent station, and because of its comparative modesty this moved me as much as the big one. Brian King had written a simple, history-book account of the landing and interviewed a dozen veterans. The soldier's eye view of action extends only from forming-up point to objective; he may know, or care, little about his battalion's goal, only his platoon's.

Radio 1 turned its attention to real rather than fictional crime for once. On Tuesday afternoon we had a programme called *We Always Prosecute*, in which we heard shoplifters interviewed. A frequent attitude seems to be that stealing from firms isn't like stealing from people, so you needn't *feel guilty about it. Naturally*, in this liberal age there are people who hold that shoplifters are only mixed-up, and that to prosecute them is *unnecessarily harsh*.

Perhaps as a warning, Sunday evening gave us *Imprisonment* on Radio 4. (Wouldn't it have been better to reverse those two fixtures?) The subject was treated as much poetically as

RADIO

B. A. YOUNG

socially. An ex-con who had done 15 years for robbery and murder gave us some inside experiences: but we also had *bits of Oscar Wilde's ballad and* Dostoevsky's *House of the Dead* and television's *Porridge*. "Criminality is a way of life with me," one chap said: he didn't feel guilt, only *regret*. Not even the liberals on the other programme could call that being mixed-up.

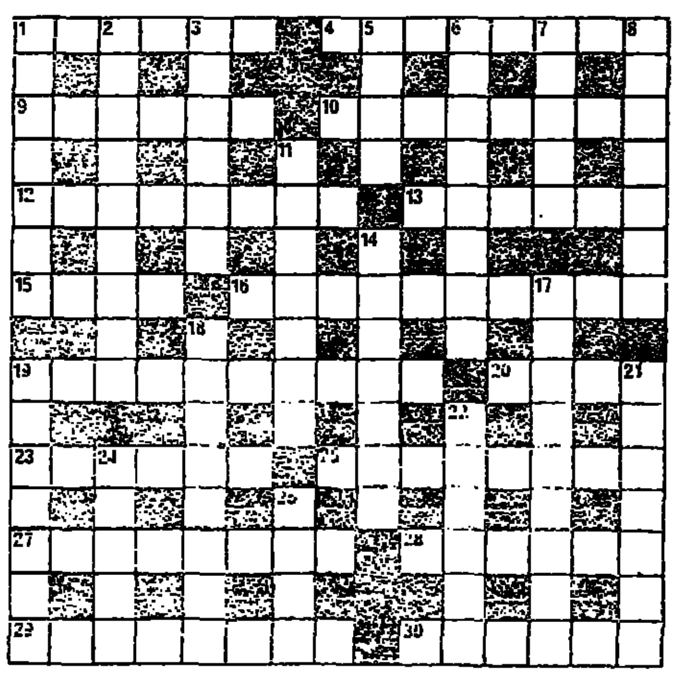
A run through the week's dramatic highlights. Maugham's *The Moon and Sixpence* has been made into a four-part Sunday serial by Jeffrey Segal, with the "I" character realised as Maugham. Ronald Pickup isn't attempting an imitation of the author (*who autographed* my copy of the book, incidentally): he is just a young writer drawn into things. Patrick Allen is the boorish Strickland, Margaret Whiting the happily suffering Mrs Strickland. John Cardy directs.

I'd have given Nick Dear a terrible notice for his play last week if I'd had room, but he earns a splendid one for *In the Ruins* (Radio 3, Sunday). This was a monologue for poor old blind, deaf, mad King George III, who "gloried in the name of Briton." He hated so much in his decline — Mozart, America, puritans, Irish Catholics, Benjamin Franklin, butchers. What he liked was Handel, Lord Malmesbury, farming, turnips, the ships of the line (he knew all their names and their guns) and his daughter Amelia, who was dead. Very ably written, though it might have done better to stop where the King's version of "See the conquering hero" was followed by a professional chorus. Nigel Stock acted it superbly. He should do it on the stage.

On Monday, *Paradise Garden Attained*: how young Fritz Delius (as he was then) discarded his tough mistress and took on an art student who loved him and bought a house in Grez-sur-Loing where they lived the rest of their lives. It began like *La Vie de Bohème* and modulated into a major key. (Lucky we didn't hear the next movement.) Charles Dance was a lively Delius, Anna Massey a likeable Jelka Rosen. Jan Cotterell directed. I reckon the play just matched the importance of the occasion it celebrated.

The BBC is now issuing cassettes of radio plays for sale at £5.25. The first six, averaging 90 minutes each, include work by Tom Stoppard, Giles Cooper, Alan Bennett, Raymond Briggs and Conan Doyle.

F.T. CROSSWORD PUZZLE No. 5,437



Name ...

Address ...

A prize of £10 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London EC4P 4BY. Winners and solution will be given next Saturday.

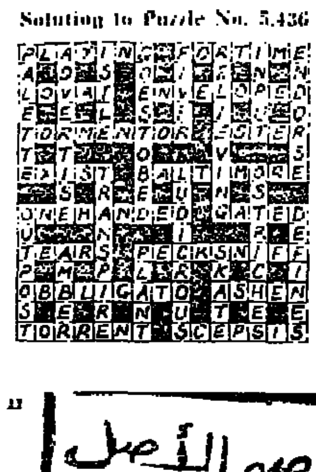
Across

1 Cold and damp is my oyster, perhaps (6)
4 How to get punishment? (3,3,2)
9 Copper finds uncommon poison (6)
10 Conceived, rude if bad (8)
12 Forces on strike at first ballot? (8)
13, 15 Animals not being cultivated at present? (6,6)
16 Rival in boy goes wrong every time (10)
19 *Make up to become—write on Saturday* (10)
20 Indian city in anagrammatical form (4)
23 Go regularly, often last (6)
25 Finery ... not having a rifle? (4,4)
27 Metal with one calorie, as face would face [illegible]
28 Limerick character wanting chopped almond (5,3)
29 Preserve Japanese liquor as a *memento* (8)
30 Without victory, set out with little pain (6)

Down

1 Bad luck, Doc, to have an *unfaithful* wife (7)
2 Arrest vagrant in goal? That's a blow (5,6)
3, 5 Professional actor or composer, bird and playwright (6,4)
6 Whimsical piece: Baby's not in on the continent (8)
7 River and mountains in the country (5)
8 Ebb and flow of river, one with drops of water in it (7)
11, 14 Chink of light? (7,7)
17 Drink supplier swallow, food—here's the penultimate cherry stone (6,3)
18 Fruit rests on buttoned clothes (8)
19 Crack is showing, uncomfortable on the road (3,4)
21 An Italian poet — not too fast? (7)
22, 24, 26 Gold jewel — leave your vehicle in reserve (12,4)

Solution to Puzzle No. 5,436

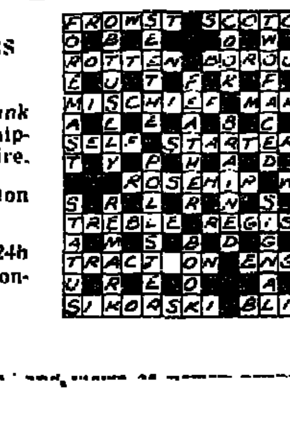


SOLUTION AND WINNERS OF PUZZLE No. 5,431

N. C. von Twickel, *The Bank Cottage*, Charingworth, Chipping Campden, Gloucestershire.

J. S. Jessop, 31 Chediston Street, Halesworth, Suffolk.

Mrs D. M. Reynolds, 24b Westcliff Parade, Westcliff-on-Sea, Essex.



✧ *Indicates programme in black and white*

BBC 1

6.20-8.25 am Open University. 8.45 The Saturday Picture Show. ✧10.55 "*Mighty Joe Young*" starring Terry Moore, Robert Armstrong and Joseph Young. 12.27 pm Weather.
12.30 Grandstand, including 1.25 News; Golf (12.30, 4.15) Commentary on the St Mellion Timeshare Tournament Players Championship; Tennis (1.30, 2.10) the French Open Championship — Ladies' Final; Racing from Haydock (1.55, 3.05, 3.40); Rugby Union (3.20, 3.55) South Africa v England in the Second Test at Ellis Park, Johannesburg; Rowing (4.45) Reports on the Diners' Club International Sporting Seven.
5.05 *Automan.*
5.55 News.
6.05 Regional Variations.
6.10 Pop Quiz.
6.40 Date with Danger, "Red Alert" starring William Devane.
8.15 The Val Doonican Music Show.
9.00 Cagney and Lacey.
9.50 News and Sport.
10.05 Saturday Late Film: "Hickey and Boggs" starring Bill Cosby and Robert Culp.

REGIONAL VARIATIONS:
Wales—6.05-6.10 pm Sports News Wales.
Scotland—6.05-6.10 pm Sport/Regional News.
Northern Ireland — 6.05-6.10 pm Northern Ireland News and Sport. 12.05 am Northern Ireland News Headlines.
England—6.05-6.10 pm London—Sport. South West (Plymouth)—Spotlight/Sport; All other English Regions — Sport / Regional News.

BBC 2

6.25 am-2.10 pm Open University.
3.20 *Saturday Cinema*: "A Lion is in the Streets" starring James Cagney and Barbara Hale.
4.45 Golf: The St Mellion Timeshare Tournament Players Championship.
6.55 The Victorian Steam Locomotive.
7.20 News and Sport.
7.35 Prima!
✧7.45 A Song of Summer—"Omnibus" presents Ken Russell's award-winning film about the blind composer Frederick Delius and the young Scarborough organist Eric Fenby.
9.00 Saturday Review.

9.50 Police.
✧10.30-12.35 am "The Hole" (French film with English subtitles).

LONDON

6.25 am TV-am Breakfast Programme. 9.25 LWT Information. 9.30 Sesame Street. 10.30 No 73.
12.15 pm World of Sport: 12.20 Basketball — The NBA Finals; 12.45 News, followed by *Australian Pools Check*; 12.50 Table Tennis—the Norwich Union Masters from Hong Kong; 1.15 Rallying—the Rothmans Acropolis Rally; 1.35 pm Racing from Epsom; 1.55 Rugby League—Australia v Great Britain from Sydney Cricket Ground; 2.10 Racing from Epsom; 2.25 Rugby League—Australia v Great Britain; 2.40 Racing from Epsom; 3.10 International Schoolboy Soccer—England v The Netherlands from Wembley Stadium; 4.00 News Roundup; 4.10 International Schoolboy Soccer; 4.50 Results.
5.00 News.
5.05 Whiz Kids.
6.00 The Pyramid Game.
6.30 The Grumbleweeds Radio Show.
7.00 The Comedians.
7.30 Just Amazing!
8.15 The Price is Right.
9.15 News.
9.30 Aspel and Company.
10.15 The Wedding.
11.15 Tales of the Unexpected.
11.45 London News Headlines followed by "Fat City" (starring Stacy Keach and Jeff Bridges) and Night Thoughts with Chaim Bermant.

CHANNEL 4

2.00 pm Ark on the Move.
✧2.25 "A Walk in the Sun," with Dana Andrews and Richard Conte. 4.35 Buffalo Bill.
5.05 Brookside.
6.00 Ear Say.
7.00 News Summary followed by Seven Days.
7.30 Union World: Bob Greaves reports on the fight to keep jobs in the print industry in the face of new technology—and the growing conflict of interests between the NGA and the NUJ.
8.00 Cervantes.
9.00 Callan.
10.00 Bacchanal.
10.50 Who Dares Wins . . . Frank Bough's Cardigan.
✧11.30 "Tell No Tales," starring Melvyn Douglas.

S4C
2.25 pm A Week in Politics. 3.05 Bacchanal. 3.45 Gardener's Calendar. 4.15 Feature Film: "Incendiary Blonde." 6.10 The Sixties. 7.05 Where In The World! 7.35 Newyddion. 7.45 Newydd Bob Nos. 8.15 Noson Lawen. 9.15 Survive. 10.15 It Takes A Worried Man. †10.45 Feature Film, "The Devil Is A Woman."

REGIONS

IBA Regions as London except at the following times:—

ANGLIA
11.30 pm Stephane Grappelli In Concert from New Orleans. 12.15 am Spirit Of Today.

BORDER
9.25 am Great Cartoon Stars. 9.35 Standby, Lights, Camera, Action. 10.05 The Adventures of Gulliver. 6.30 pm The Comedians. 7.00 The Grumbleweeds Radio Show. 11.30 *The Fugitive*.

CENTRAL
9.25 am The Great Cartoon Stars. 9.35 Standby, Lights, Camera, Action. 6.30 pm The Comedians. 7.00 The Grumbleweeds Radio Show. 11.45 Supestars of Music, Blood Sweat and Tears.

CHANNEL
9.25 am Thunderbirds. 10.20 Puffin's Pla(i)ce. 12.14 pm Channel Islands Weather Summary. 5.05 Puffin's Pla(i)ce. 5.06 Whiz Kids. 11.45 Rock Alive, David Essex.

GRAMPIAN
9.30 am Cartoon. 9.35 Smurfs. 10.00 Bits 'N' Pieces. 11.45 pm Harvest Jazz at Paul Masson—A late-night musical programme with the talents of Bobby Hutcherson. 12.15 am Reflections.

GRANADA
9.25 am Eastern Tales. 9.40 Little Rascals. 10.05 Matt and Jenny on the Wilderness Trail. 6.30 pm The Comedians. 7.00 The Grumbleweeds. 11.45 The Late Film, Jack Lemmon and Genevieve Bujould in "Alex and the Gipsy."

HTV
9.25 am The Wonderful Stories of Professor Kitzel. 12.13 pm HTV News. 11.45 The Sweeney.

SCOTTISH
9.25 am Cartoon. 9.35 Happy Days. 10.00 Sport Billy. 10.25 The Cantinflas Show. 11.45 pm Late Call. 11.50 Private Benjamin.

TSW
9.25 am The Wonderful Stories of Professor Kitzel. 9.30 Freeze Frame. 10.27 Gus Honeybun's Magic Birthdays. 12.12 pm TSW Regional News. 5.05 TSW Regional News. 5.06 Whiz Kids. 11.45 Rock Alive: David Essex. 12.30 am Postscript. 12.35 South West Weather.

TVS
9.25 am Snooper and Blabber. 9.30 Wheelie and the Chopper Bunch. 10.00 Batman. 12.12 pm TVS Weather. 5.05 The Fall Guy. 11.45 The Country Music Awards Show—Anne Murray and Willie Nelson host the event of the year for country music lovers. 12.55 am Company.

TYNE TEES
9.25 am Morning Glory. 9.30 Father Murphy. 10.25 TT Time. 12.13 pm North East News. 5.05 North East News. 5.10 Whiz Kids. 11.45 The Saturday Late Movie: "Carve Her Name With Pride." 1.45 am Poet's Corner.

ULSTER
9.25 am Space 1999. 10.20 Cartoon Time. 12.43 pm Lunchtime News. 5.08 Ulster News. 5.10 Chips. 9.27 Ulster News and Weather. 11.45 Sports Results. 11.50 News at Bedtime.

YORKSHIRE
9.25 am Regional Weather Forecast followed by Cartoon Time. 9.35 Joe 90. 10.00 University Challenge. 5.05 pm The Fall Guy. 6.30 The Comedians. 7.00 The Grumbleweeds Radio Show. 11.45 Lou Grant.

BBC RADIO 1
8.00 am Tony Blackburn's Saturday Show. 10.00 Peter Powell. 1.00 pm My Top Ten (S). 2.00 Paul Gambaccini (S). 4.00 Saturday Live (S). 6.30 In Concert (S). 7.30 Janice Long with sessions from Jucko and The Kissing Bandits. 10.00-12.00 Dave Peach.

BBC RADIO 2
8.05 am David Jacobs (S). 10.00 Sounds Of The 60s (S). 11.00 Album Time (S). 1.00 pm Roy Castle in Castle's Corner with guests Acker Bilk, Fli Wonda, James Casey and Charles Collingwood. 1.30 Sport On 2: Racing from Epsom at 1.45, 2.15 and 3.00; Rugby Union, 2nd Test match with South Africa v England; Tennis: The French Open—today's semi-finals. Golf reports on the third round of the Tournament Players Championship; Cycling: reports from Blackpool on the final stages of the Milk Race; Rugby League: news from Sydney on the opening Rugby League Test between Great Britain and Australia, played earlier today, plus a look back on 75 years of Brazilian football. 5.00 Sports News. 5.30 Sports round-up. 5.45 Racing results. 5.50 Cricket scoreboard. 6.00 Folk On 2 with Jim Lloyd. 7.00 Beat The Record. 7.30 Cricket Scores: BBC International Festival of Light Music hosted by Ray Moore (S). 8.40-8.50 Interval with John Thompson. 10.02 Sports Desk. 10.05 Saturday *Rendezvous* (S). 11.02 *Racing Bulletin*. 11.05 Ken Bruce with his selection of music (S). 1.00 am Jean Challis presents Nightride (S). 3.00-4.00 Country Concert (S).

BBC RADIO 3
8.00 am News. 8.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 *Stereo Release* (S). 11.15 BBC Symphony Orchestra in Germany, part 1: Mozart, Delius (S). (12.05 pm Interval Reading.) 12.10 Part 2: Bartok. 1.00 News. 1.05 Sonatas and Songs (S). 2.00 Dreamers Of Dreams. 4.00 Mozart and Schubert (S). 5.00 Jazz Record Requests (S). 5.45 Critics Forum. 6.35 Martin Jones and Richard McMahon (S). 7.15 "Fennimore and Gerda," opera in 11 scenes by Delius (S). 8.45 BBC Welsh Symphony Orchestra, part 1, Smetana, Dvorak (S). 9.35 Wild and Tame (poems). 9.50 BBC Welsh Symphony Orchestra, part 2, Beethoven (S). 10.30 Vagn Holmboe (S). 11.15-11.18 News.

CHANNEL 4
7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport On 4. 8.48 Yesterday in Parliament. 8.57 Weather; Travel. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 *The Week in Westminster*. 10.30 Pick of the Week (S). 11.30 From Our Own Correspondent. 12.00 News; Money Box. 12.27 pm I'm Sorry, I Haven't A Clue (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? from Bakewell. 1.55 Shipping Forecast. 2.00 News. 2.05 Thirty-Minute Theatre (S). 2.35 Medicine Now. 3.05 Wildlife. 3.30 What Hope for the Young Musician? 4.00 News: International Assignment. 4.30 Does He Take Sugar? 5.00 So You Want To Be An Actor. 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 Weather; Travel; Programme News. 6.00 News; Sports Round-Up. 6.25 The Magic of Music (S). 7.05 Stop The Week with Robert Robinson (S). 7.45 Baker's Dozen with Richard Baker (S). 8.30 Saturday-Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 You The Jury (S). 11.00 Evening Service (S). 11.15 Smith in the Sun. 11.30 In One Ear (S).

BBC RADIO LONDON
8.04 am London Weekend. 8.30 The Boat Show. 9.03 It Seems Like Only Yesterday. 9.30 Corridors of Power: "On The Rates." 10.02 All That Jazz. 11.30 Robbie Vincent's Saturday Show. 2.02 pm Breakthrough. 3.30 The Great Composers. 6.00 Guideline. 6.30 Big City. 7.30 Hold The Front Page. 8.00 Eastern Ear. 8.30 Good Fishing. 9.00 Jazz in June. The second of five concerts from this year's Camden Jazz Festival. 11.00-6.00 am Join Radio 2.

LONDON BROADCASTING
7.00 am AM with Peter Deeley. 10.00 Clive Bull's Fix-It Phone-In. 1.00 pm Sportswatch. 6.00 Des Fahy Reports. 7.00 Geet Mala. 9.00 Network. 10.00 Adrian Love's Nightline. 1.00 am Night Extra.

CAPITAL RADIO
7.00 am The Breakfast Show (Dave Cash). 10.00 Pick of the Pops—Take Two (Alan Freeman). 12.00 The Kenny Everett Show. 2.00 pm Afternoon *Delight (Kerry Juby)*. 4.00 Gary Crowley's Magic Box. 6.00 Greg Edwards' Soul Spectrum. 9.00 Roots Rockers. 11.00 Foreign Affair. 12.00 Midnight Special.

CHESS SOLUTIONS

Solution to Position No. 519

No. The game ended 1 0-0, PxN? (better B-K3); 2 KR-K1, B-K3; 3 N-B6 ch! QxN; 4 B-R4 ch! NxB (or K-K2; 5 Q-Q6 mate); 5 Q-Q7 mate.

Solution to Problem No. 519

1 Q-N4 (threat 2 N-KB4), RxQ; 2 N-K7, or if QxQ; 2 N-R8, or if QxP ch; 2 NxQ. Many fall for the trap 1 N-B6? R-QB5!

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RESULTS DUE NEXT WEEK

Tesco is in the midst of a battle to lift its depressingly low profit margins, which last year were only just over half those of J. Sainsbury. Unfortunately, the cost of the necessary improvements in distribution and control among other things, will be more noticeable at this stage than the benefits when the group reports its preliminary results for the year to the end of February, on Wednesday. The real gains are still to come. Nevertheless, the figures should reflect a 5 or 6 per cent improvement in volumes, due partly to the general increase in consumer spending but also to the group's efforts to improve its image, by introducing more own-label goods for example. At the pre-tax level, the group ought to show the benefit of lower interest charges, following the reorganisation of borrowings in the previous year and largely static capital spending. The forecasts are for about £68m pre-tax, against £53.5m.

The consumer division of Beecham Group is outshining the pharmaceuticals side at the moment. In particular, J. B. Williams and DAP, the two U.S. companies acquired last year, have been speedily integrated and will contribute much of the improvement in profits for the year to March to be announced on Thursday. The market range goes from £275m to £285m, averaging around the £277m mark compared with £237m last year. The enforced price reductions in antibiotics in Japan will have affected profits there. There could, however, be some currency gains as a result of buoyant U.S. trade and Beecham should also show some interest savings from the rights issue last June.

Arthur Guinness and Sons is reporting its interim results on Tuesday against the background of the agreed bid for Martin the Newsagent. As far as Guinness is concerned, the heavy cost reduction exercises will start helping profits in both the UK and Eire, while the problems in Nigeria should be offset by gains in Malaysia and elsewhere. A key element of the UK advance will be the success of the "Guinless" advertising campaign, which is reported to have led to an annualised increase of around 3 per cent in draught sales. This will be useful as bottle volumes have been declining. Analysts find profits difficult to pinpoint accurately, but the general feeling is for around £29m, against £23.4m, rising to about £70m for the year (£58.8m) excluding any Martin contribution.

English China Clays, which will announce interim results for the period to the end of March on Thursday, is profiting in a roundabout but very lucrative way from the upswing in consumer spending. The long chain of demand which leads from advertising to paper-making is increasing sales to the papermaking companies which buy four-fifths of EEC's clay. The price increase in February, the first in two years, came too late to benefit these figures but will of course have a noticeable impact on the full year results. The U.S. operations are the poor relation of the clays division with continuing, if reduced, losses from some of the oil-related businesses. The UK quarry division should again do well from existing road work contracts, though the future outlook is less bright in view of cuts in public spending. The group should make £20m to £22m pre-tax, against £17.3m, for the same period last year.

Pilkington Brothers has managed to drag its UK operations back from the brink, but is still bearing the heavy costs of redundancy as the results for the year to the end of March, due on Wednesday, should show. The company is soldiering on in the face of continuing overcapacity in Europe which has kept prices almost unchanged for five years. Overseas, the bright spot will be the first full year contribution from U.S. associate Libby-Owens-Ford which appears to have had a good year. There should be encouraging news from Sweden and surprisingly Argentina, but the story in Brazil, Nigeria and Finland will be less exciting, and the major Flachglass subsidiary in West Germany is still making a fraction of what it did when Pilkington bought it in 1980. The figures will be flattered by the consolidation of the important South African interests—the boost in pre-tax profits will be offset by bigger minorities. The City is looking for around £75m pre-tax, or perhaps a little more, against £49.9m last time.

One of the main features of the preliminary results from Metal Box, due out on Tuesday, will be the effects of the South African demerger halfway through the year which brought in £39m. The down-grading from subsidiary to associate status will have reduced profits above the line, but lower minorities and a reduced tax charge will have given a fillip to earnings—and this should improve the prospects for a return to more normal levels of dividend. Nigeria continues to be a problem but the company's other geographical markets should be doing well, particularly the UK, where beverage can capacity is more in line with demand and the food can division is showing a strong improvement. The U.S. should also show strong gains. After £34.5m at halfway, the general consensus is that the company will turn in up to £70m pre-tax for the year, against £52.5m last time.

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Alpine Soft Drinks	Thursday	1.206	1.209	0.8
Amersham International	Monday	1.65	2.55	1.9
A and M Hire	Tuesday			
Bassett Foods	Wednesday	1.0	2.7825	1.05
Beecham Group	Thursday	4.1	5.0	4.8
British Steam Specialties Group	Friday	1.81818	2.18182	1.81818
Brown Shipley Holdings	Tuesday	2.75	3.0	3.5
Bulmer, H. P.	Monday	3.8	2.24	2.24
Callyns	Monday	2.2	3.3	2.2
Central and Sherwood	Tuesday	—	0.3	—
C.H. Industrials	Thursday	0.75	1.45	0.75
Colorote Group	Tuesday	—	1.5	—
Craig and Rose	Friday	8.0	39.0	8.0
East Midland Allied Press	Thursday	0.7	1.3	1.1
Elliot, B	Thursday	—	—	0.1
Ferguson Industrial Holding	Tuesday	2.2	3.5	2.5
Finlay, James	Thursday	2.0	2.9	2.5
Getvor Tin Mines	Thursday	—	—	4.0
Great Portland Estates	Tuesday	1.0	4.0	1.0
Gresham House	Monday	2.0	3.714	2.0
Henderson Administration Group	Wednesday	—	—	3.0
International Signal and Control Group	Thursday†	—	—	70.0
L C P Holdings	Thursday	1.8	1.8	1.8
Leigh Interests	Tuesday	0.5	0.5	0.75
Lorker, Thomas	Tuesday	0.375	0.92	0.375
London Pavilion	Wednesday	—	—	—
Mansfield Brewery	Monday	2.1	4.55	2.25
Metal Box	Tuesday	5.04	6.51	5.81
Metal Sciences	Wednesday	—	—	—
Mountview Estates	Wednesday	0.7	3.0	1.0
Northern Securities Trust	Thursday	2.0	3.0	2.0
Pactrol Electronics	Monday	1.5	3.0	2.0
Pauls and Whites	Thursday	2.5	5.5	2.5
Pilkington Brothers	Wednesday	5.0	5.5	5.0
Premier Consolidated Oilfields	Tuesday	—	—	—
Property Partnerships	Friday	2.7	3.5	3.0
Scapa Group	Thursday	3.0	4.6	3.15
Sheraton Securities International	Monday	—	—	—
Standard Fireworks	Tuesday	—	4.5	—
Staveley Industries	Thursday	4.5	8.5	4.5
Tesco	Wednesday	1.35	2.25	1.5
"Times" Veneer	Tuesday	—	—	—
UKO International	Wednesday	—	—	—
Valor	Thursday	0.934	2.568	1.074
Woodhead, Jones and Sons	Thursday	—	0.1	—
Wyndham Engineering	Monday	—	1.8	—
INTERIM DIVIDENDS				
Baynes, Charles	Tuesday	0.3125	0.5	
Carlton Communications	Tuesday	1.6	2.9	
Deelkraal Gold Mining	Wednesday†	—	10.0	
Doornfontein Gold Mining	Wednesday†	80.0	120.0	
Driefontein Consolidated	Wednesday†	185.0	180.0	
English China Clays	Thursday	3.25	5.5	
Flexello Castors and Wheels	Wednesday	—	0.7	
Guinness, A. and Sons	Tuesday	1.6555	4.1	
Henning Motor Group	Thursday	2.5	4.0	
Kitchen Taylor, Robert	Tuesday	3.0	8.0	
Kloof Gold Mines	Wednesday†	200.0	130.0	
KLP Group	Wednesday	—	1.6	
Lake and Elliot	Wednesday	—	—	
Libanon Gold Mining	Wednesday	190.0	110.0	
London Scottish Finance Corpn.	Wednesday	0.75	1.75	
Plastona (G.B.)	Tuesday	1.5	3.0	
United Spring and Steel Group	Friday			
Ventersport Gold Mining	Wednesday†	120.0	40.0	
Vlakfontein Gold Mining	Wednesday†	15.0	30.0	
Westland	Wednesday	2.0	5.25	
Winterbottom Energy Trust	Wednesday	0.2	0.5	
INTERIM FIGURES				
Cifer	Thursday			
Microgen Holdings	Tuesday			
Pencom	Monday			

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Cents per share.

Early morning buying by Dee nets 5.5% of Booker

Dee Corporation, supermarket and cash and carry group which is bidding for Booker McConnell, acquired an aggregate of 5.5 per cent of its target's equity in the stock market by noon yesterday. The relationship of both prices throughout the course of the afternoon trading session is understood to have allowed Dee to make further purchases which it must declare by noon on Monday.

Taking the new loan stock element of Dee's bid at par, which is how Rowe & Pitman, the broker acting for Dee, has already valued the convertible, Dee's offer is worth 190p per Booker share. This is in line with Booker's shares yesterday, after a 1p fall.

Booker, however, has already prepared its submission on the bid which has been sent to the Office of Fair Trading. The defence is calling for a close analysis by the Monopolies Commission of the cash and carry market which would result after the merger. This is the basis that the combined group would be twice as large as its next serious competitor in this industry and would have eight times as many depots.

Rowton Hotels

Rowton Hotels increased taxable profits from £412,000 to £487,000 in 1983, on a marginally lower turnover of £5.99m, against £6.08m. The final dividend is raised from 3.85p to 4.23p net for a total 0.38p higher at 7.38p per 25p share.

Earnings per share rose by 2p to 8.07p, after a little changed tax charge of £173,000 (£175,000). There was also an extraordinary credit of £1.62m this time, being net profits on the disposal of hostels.

Volvo raises investment company stake to 21.5%

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

VOLVO, the Swedish motor, energy and food group, has acquired a further 6.3 per cent stake in Cardo, the diversified Swedish investment company with interests in sugar, seeds and biotechnology, increasing its holding to 21.5 per cent and bringing its total investment in Cardo to SKr 1.28bn ($160m).

The acquisition is part of the far-reaching shake-up of Volvo's strategic shareholdings in Swedish industry and follows its recent sale of 25 per cent stakes in Atlas-Copco and Stora Kopparberg for more than SKr 3bn.

Mr Peder Bonde, deputy chairman of Investor and Providentia, the key holding companies in the Wallenberg group, told shareholders in Stockholm that Volvo had offered to buy out their shares in Stora Kopparberg—which would have given Volvo close to 50 per cent of one of Sweden's biggest forest product groups—as part of the recent "divorce" negotiations between Volvo and the Wallenberg group.

The offer was turned down and instead the Wallenberg interests bought the Volvo holdings at a heavy premium.

Volvo, which is looking for ways to invest the proceeds from its recent deals, said yesterday that it had purchased a further 940,000 shares or 6.8 per cent in Cardo for SKr 415m. It bought 500,000 shares from Skrinet, a fast-expanding investment company based in Malmö, and 440,000 shares from companies in the Wallenberg investor group.

Last month Volvo announced plans to buy an initial 15 per cent stake in Cardo through a new share issue from Cardo for a total of SKr 865m.

As part of the far-reaching re-alignment of ownership interests in Swedish industry, Cardo itself is becoming one of the larger shareholders in Volvo through the purchase of 600,000 Volvo A shares—equal to 2 per cent of the capital and 4.5 per cent of the votes—from Investor and Providentia as part of the Wallenberg move to relinquish its grip on Volvo.

The Cardo group had a turnover of SKr 2.89bn last year. It is the sole producer of sugar in Sweden through its ownership of the Swedish Sugar Company and its other main operating interests are in the seed companies, Hilleshög and Weibulls. It also has interests in biotechnology through companies such as KabiGen, A.C. Biotechnics and Advance Genetic Sciences.

● Atlas-Copco and Stora Kopparberg have both issued new profit forecasts for 1984. *Atlas-Copco, which is recovering* from a steep fall in its fortunes over the last two years, expects profits to double to around SKr 500m from SKr 253m in 1983 according to Mr Tom Wachtmeister, chief executive.

Mr Bo Berggren, chief executive of Stora Kopparberg, said group profits were expected to rise by around 80 per cent, to SKr 930m from SKr 516m in 1983, when profits also showed *an increase of some 80 per cent.*

L'Air Liquide lifts profits 18.5%

BY PAUL BETTS IN PARIS

L'AIR LIQUIDE, the leading French industrial gases group, expects to report a further rise in net earnings this year after an 18.5 per cent rise in profits last year to FFr 813.8m ($98m).

M Jean Delorme, chairman of the French private group, said earnings in the first quarter of this year were higher than in the same period last year and that the company was expected to see earnings grow for the full year.

The company, which will distribute a one-for-eight scrip issue to shareholders, saw its group sales rise to FFr 17.09bn last year from FFr 14.26bn in 1982. Cash flow also rose, to FFr 2.26bn from FFr 1.91bn.

A downturn in the group's welding and metal cutting operations, because of the recession in the steel, motor and shipbuilding industries, was more than offset by operations in the food, electronic, biology and high technology sectors. L'Air Liquide has seen its presence grow in particular in the space industry. It is supplying gas products for the Ariane rocket.

The group is also negotiating to take full control of Liquid Air Corporation, its U.S. subsidiary. It increased its stake in the subsidiary from 55 per cent to 77.47 per cent last year.

Earnings fall at Benetton

By Alan Friedman in Milan

BENETTON, the Italian jeans and casual clothes producer which has risen in only a few years to become one of Italy's largest clothing manufacturers, last year recorded net profit of L10.6bn ($6.3m), a sharp fall from the L27bn in 1982.

Benetton executives yesterday insisted the apparent drop in net income, on turnover which was 22.3 per cent higher at L492bn did not mean a real drop in profitability. They claimed this was because of significantly higher depreciation charges last year—the 1983 depreciation was L30.1bn against L19.6bn the year before.

About 55 per cent of turnover was represented by foreign sales. Benetton has 2,600 shops around the world and expects to have 3,000 by the end of the year. The shops are franchised operations. 1,250 of which are in Italy.

Turnover in the U.S. last year was L15bn. Benetton says this will rise to L55bn in 1984.

Glass merger boosts PGSI

BY JIM JONES IN JOHANNESBURG

THE MERGER of the operations of Plate Glass and Shatterprufe Industries (PGSI), South Africa's largest glass processor, and Pilkington, one of the country's largest flat glass manufacturers, led to sharp increases in consolidated turnover and profits for PGSI in the year ended March 31 1984. PGSI and Pilkington each own 48.4 per cent of the merged company, Glass SA.

Pre-tax profit rose to R99.9m ($78.5m) from R58.9m. Turnover increased to R886.1m from R556m in the preceding year before the operating merger became effective. Mr Bertie Lubner, chairman, said Glass SA's main task remained that of consolidating individual operating units into an effective system.

Earnings increased to 204.6 cents a share from 183.3 cents and the dividend was raised to 100 cents a share from 95 cents.

Banking income ahead at Volkskas

BY OUR JOHANNESBURG CORRESPONDENT

VOLKSKAS, South Africa's fourth largest banking group, increased its disclosed after-tax banking profits by 15.5 per cent to R47.9m ($37.5m) in the year ended March 31, 1984.

In the preceding year the disclosed banking profit was R41.4m. The after-tax profit of non-banking subsidiaries was virtually unchanged at R11.2m.

The commercial banking subsidiary increased disclosed profit by 15.2 per cent to R36.3m from R33.3m, while its wholly-owned subsidiary Bank of the Orange Free State raised disclosed profit after transfers to inner reserves to R1.22m from R330,000. Non-banking activities registered mixed performances.

The total dividend has been increased to 57 cents from 49.5 cents a share. Earnings rose to 193.8 cents a share from 172 cents.

Westinghouse seeks robot unit partner

BY OUR NEW YORK STAFF

WESTINGHOUSE ELECTRIC, the big U.S. electrical manufacturing and broadcasting group, is negotiating to take on a partner in its Unimation robot division, which it bought only a little over a year ago.

The move, which emerged at a robot industry trade show in Detroit, follows a rapid slide in the performance of the robot activities, on which the group spent $107m.

At the time of the acquisition, Unimation was the largest robot manufacturer in the U.S. and was regarded as the world leader in the field. But the purchase was followed by the departure of Mr Joseph Engelberger, the company's founder, and ensuing problems with the product range.

At the Detroit show, these product weaknesses were illustrated by the launch of a new electric drive robot made in conjunction with Kasasaki heavy industries of Japan. This has been designed to replace Unimation's existing heavy duty hydraulic robot units, which are widely used in the motor industry.

ECONOMIC DIARY

TODAY: The seven-nation economic summit in London ends.

MONDAY: Provisional producer price index numbers for May. Provisional retail sales (May). NALGO annual conference in Brighton (until June 15). Mr Yasuhiro Nakasonee, Japanese Prime Minister, to have bilateral talks in London with Mrs Margaret Thatcher. Mr Raul Alfonsin, Argentina's President, starts visit to Madrid (until June 15). Energy Ministers from Venezuela, Ecuador, Mexico and Trinidad meeting Port of Spain to discuss cooperation (until June 12).

TUESDAY: Building Societies' monthly figures (May). Wales TUC day of action in support of the miners. Eastern bloc economic summit in Moscow. Western European Union (WEU) Foreign Ministers meet in Paris to discuss strengthening defence ties outside NATO. Gulf Co-operation Council Foreign Ministers meet in Taif.

WEDNESDAY: TUC Economic Committee meets. National Bus Company annual report. Mr Helmut Schmidt, former West German Chancellor, delivers Hoover lecture at Strathclyde University. Dutch Parliament debates and votes on Cruise missile deployment.

THURSDAY: London sterling certificates of deposit (May). UK bank assets and liabilities and the money stock (mid-May). European Parliament elections in Britain, Ireland, Denmark and Netherlands. NUM executive meets in Sheffield.

FRIDAY: Index of output of the production industries (April). Tax and price index (May). Retail prices index (May). Usable steel production (May). Construction - output (first quarter).

Placement for United Satellite venture fails

By Paul Taylor in New York

UNITED SATELLITE Communications, the joint venture which started the first commercial direct broadcast system (DBS) in the U.S. late last year, is actively seeking new financial partners to help fund heavy capital requirementsan d a planned major expansion of DBS services in the U.S.

The move follows the failure of a plan to raise $40m through a private placement handled by Salomon Brothers and Morgan Stanley launched earlier this year.

The United Satellite joint venture was launched with $54m in original capital primarily supplied by Prudential Insurance Company of America, which has a 51.0 per cent stake, General Instrument, which has 11.0 per cent, and two private investors, who together own 21.2 per cent.

The failure of the private placement plan is seen on Wall Stret as a setback for DBS services which use satellites and small roof-top dishes to deliver television programmes direct to customers.

However, Mr Nathaniel Kwit, United Satellite's president, said yesterday that it was "not a major blow" to the company, which had been looking at "various sources of financing." He attributed the failure of the private placement to the generally depressed state of the equity market and small investors' fears that, given the continuing capital needs of the company, any stake purchased by them would be "gradually diluted."

Mr Kwit said it had always been clear that United Satellite would need more capital to continue to expand its DBS services, which are now offered to customers in the Indianna, Baltimore, Washington and Philadelphia areas. "We are not particularly disturbed by this."

He added that the company was already talking to a number of possible major investors in the venture and said financing might come through the addition of further partners in the joint venture.

Danish brewer increases sales for six months

By Hilary Barnes in Copenhagen

UNITED Breweries, the Danish brewer of Carlsberg and Tuborg beers, increased turnover by 15 per cent in the six months ended March, 1984, according to an interim statement which contained no figures.

Earnings before tax for the half-year were maintained at the year ago level, after heavier charges for depreciation.

Last year United Breweries increased earnings from DKr 254m to DKr 299m ($30m) on sales of DKr 7.1bn.

● The recovery in the East Asiatic Group continued in the first quarter of this year, the group said in an interim statement.

East Asiatic turned a 1982 loss of DKr 149m into a profit of DKr 315m last year, but passed the dividend for the third successive year.

Elders IXL wins full control of CUB

BY MICHAEL THOMPSON-NOEL IN SYDNEY

ELDERS IXL, the Australian pastoral, trading and finance group, yesterday won full control of Carlton and United Breweries (CUB), thus consolidating its emergence as one of the country's most powerful corporate forces.

CUB, Australia's biggest brewer, formerly owned 49.4 per cent of Elders. Last December, Elders launched a A$970m (US$873m) bid for CUB to counter a speculative raid by the Sydney-based investment group, Industrial Equity.

Initially, Elders gained 54 per cent of CUB's capital, with offers of A$3.76 and A$3.82 per share. Yesterday, it raised its offer for the outstanding stock to A$4.56 per share, at which level it was accepted by the Singapore-based Overseas Chinese Banking Corporation, which controlled an estimated 13 per cent of CUB's shares.

Elders paid A$128m for the CUB shares acquired yesterday. It can now compulsorily mop up the remainder, when the offer expires on June 27. It does not have to extend the higher offer to shareholders who accepted earlier.

Combined sales of the enlarged Elders group now exceed A$5bn, placing it on a par with Broken Hill Proprietary, the resources and industrial concern, and G. J. Coles, Australia's biggest retailer.

● Cadbury Schweppes Australia, 61.3 per cent controlled by Cadbury Schweppes of Britain, has agreed in principle to acquire Cottee's General Foods from General Foods of the U.S. Cottees sells soft drinks, beverages and jams, and has sales of about A$70m. The price is estimated at around A$35m. The deal needs the approval of the Foreign Investment Review Board.

Adsteam battles for NACL

BRISBANE — Adelaide Steamship (Adsteam) has been granted a temporary order in the Queensland Supreme Court to prevent the transfer of a parcel of shares in North Australian Cement (NACL).

The parcel, 4 per cent of NACL's issued capital, gave control of NACL to rival bidder, Queensland Cement and Lime (QCL), after the purchaser, Ste Suisse de Ciment Portland SA, sold it on to QCL.

The action follows a National Companies and Securities Commission declaration that the Ciment Portland purchase breached the spirit of the takeover code.

Adsteam said the defendants in the proceedings include Ciment Portland, the State Government insurance office of Queensland, NACL, QCL and 25 per cent shareholder in QCL, Holderbank Financiere Glaris SA. It is alleging the Ciment Portland acquisition plus other acquisitions by QCL are in breach of the Queensland takeover code.

Reuters

Cable & Wireless to set up Australian subsidiary

BY DAVID DODWELL IN HONG KONG

CABLE & WIRELESS, the UK telecommunications equipment maker, is to establish a wholly owned Australian subsidiary to compete for contracts in the telecommunications services, engineering and other value-added areas, Mr Rod Olsen, the group's Hong Kong-based general manager, said yesterday.

Mr Olsen leaves for Australia this weekend to complete formalities to set up the subsidiary, which will also be used as a springboard for business in the Pacific.

Cable & Wireless has expanded rapidly in the Asian region since it was privatised in October 1981. Its separately incorporated Hong Kong subsidiary now operates two joint ventures with Chinese partners in China's south-eastern province of Guangdong. It is actively involved in discussions on ventures in Japan, and is also keen to expand operations in Malaysia and Sri Lanka.

In February this year the group mounted a successful bid for Hong Kong Telephone Company, which valued the company at HK$3.36bn (US$437m). It is currently spending £100m (US$139.5m) on modernising and extending the telephone network of Macau, the Portuguese-administered territory 40 miles west of Hong Kong across the Pearl River estuary.

First Pacific restructuring opens up China offshore oil

HONG KONG—In a complicated transaction, a rationalisation of the financial service interests of the First Pacific group will provide a Hong Kong stock market listing for the China offshore oil exploration activities of Promet Berhad, a Malaysian oil company.

The deal, if it goes through, would give investors on the Hong Kong stock market their first opportunity to participate in the offshore energy exploration taking place in surrounding Chinese waters.

The First Pacific group, controlled by the Indonesian Liem family, consists of three publicly-quoted companies here, First Pacific International, First Pacific Holdings and First Pacific Finance. The parent company of the trio, involved in trade and financial services, is First Pacific International.

According to the terms of the deal, First Pacific Holdings will acquire all remaining shares of First Pacific Finance that it doesn't already own for a consideration equal to HK$38.53m (U.S.$4.94m). First Pacific Holdings currently owns 80 per cent of First Pacific Finance.

The deal will have two results. One, First Pacific Finance will become a wholly-owned subsidiary of First Pacific Holdings and will cease to be publicly listed. Two, First Pacific Finance will, in effect, transfer its public listing to Samhor, a unit of Promet into which will be injected the Malaysian company's China oil interests.

AP-DJ

WORLD STOCK MARKETS

NEW YORK

Dow Jones lower at midsession

WALL STREET stock prices were lower at midsession as the market kept pace with the slightly weaker bond market.

The Dow Jones Industrial Average, which had been lower for most of the morning, was off 4.21 points at 1,128.23 at 12 pm. Overall, losing issues held a six-to-five lead over gainers. Volume was about 31m shares.

Occidental Petroleum was leading the active list, unchanged at $33⅞ on consolidated volume of 886,000 shares.

Disney rose another $¾ to $65⅞. For several days there have been rumours that Mr Saul Steinberg and MGM/UA Entertainment would make a bid for the company.

Jewel was one of the day's biggest gainers, rising $2½ to $66⅞. A major shareholder had urged it to negotiate a transaction under which **American Stores** would acquire Jewel.

Alleghany Corp. which is waiting to see if it wins the bidding for Conrail, rose $3 to $84⅞. **Chicago - Milwaukee**, another railway company which is for sale, rose $2½ to $150 on light volume.

May Department Stores, which rose on Thursday on takeover rumours, retreated $2⅛ to $55½. The company denied speculation that it might be acquired.

Analysts said investors ignored Thursday's surprise $2.4bn drop in the U.S. money supply, feeling that the Federal Reserve Board was in no position to tighten its monetary policy anyway because of the banking situation.

CANADA

Losses by Golds pushed Toronto stocks slightly lower at mid-session, as the Composite index fell 3.9 points to 2,270.3.

Golds were off 41.2 at 4,214.4, Metals and Minerals off 8.3 at 1,987.0 and Oil and Gas off 4.3 at 3,384.8.

TOKYO

Selective buying of small and medium-sized issues more than offset profit-taking and liquidation in front runners and blue chips.

The market average rose 34.93 to close at 10,350.93 on moderate turnover of 450m shares against 400m on Thursday.

Trading activity slowed towards the close ahead of today's market holiday and the outcome of London's summit meeting.

Foods, Textiles, Paper/Pulps and Drugs *continued to rise* following Thursday's rally on no particular factors, but Non-Ferrous Metals and some other front-runners turned lower on profit-taking.

Shipyards were higher, led by **Mitsui Engineering and Shipbuilding** which rose Y17 to Y185 after it said it would be the first Japanese company to produce oil/gas drilling equipment there.

International Populars closed generally lower on limited foreign selling. **Sony** fell Y10 to Y3,270, **TDK** Y10 to Y5,060, **Pioneer** Y50 to Y2,570, **Hitachi** Y5 to Y848 and **Fuji Photo Film** Y20 to Y1,500.

HONG KONG

The market closed firm but off the day's highs after heavy profit-taking emerged late in the morning.

The Hang Seng index closed 2.07 up at 964.21 after being up 8.28 gain at the mid-morning fix.

Share prices opened higher on chartist support following the rise of the Hang Seng index through the 950 mark yesterday, brokers said.

Utilities continued to feature. **China Light** rose 20 cents to HK12.30, **H.K. Telephone** 75 cents to HK$44.25 and **H.K. Gas** 5 cents to HK$6.25 but **H.K. Electric** shed 5 cents to HK$5.90.

Among the leaders, **Swire Pacific A** gained 10 cents to HK$16.60 and **Swire Properties** 10 cents to HK$7.35, while **Hutchison Whampoa** held at HK$11.70, **H.K. Bank** at HK$6.40 and **Cheung Kong** at HK$8.70.

H.K. Land shed 2.5 cents to HK$3.10, **Jardine Matheson** 5 cents to HK$9.30, **Sun Hung Kai Properties** 5 cents to HK$6.45 and **Wheelock Marden A** 2.5 cents to HK$3.25.

AUSTRALIA

Share prices closed mixed in quiet trading with heavy turnover in **Carlton and United Breweries** the only feature, brokers said.

The All Ordinaries index rose 0.5 to 679.8, the All Industrials *index was 3.3 up at 930.2 and* the All Resources index was 1.6 down at 483.2.

National turnover was 54.52m shares worth A$165.54m. Falls outnumbered rises 155 to 137.

About 29.07m Carlton shares were exchanged nationally in 217 transactions for a value of about A$132.52m, following a higher on-market offer by **Elders IXL** to purchase remaining minority shareholdings.

The stock rose 31 cents to the new bid of A$4.56, resulting a rise of 3.5 per cent in the Alcohol and Tobacco index.

Brokers said Carlton's volume yesterday was thought to match *the number of shares that Elders* needed for 100 per cent control.

Elders was marked up 15 cents to A$3.80, which lifted the Merchants and Agents index by 2.6 per cent.

Brokers described overall trading as cautious following a mixed close on Wall Street, weakness in London and an easier bullion price.

BHP shed 2 cents to A$9.88, while its contributing shares lost 6 cents to A$6.40, but its partners in the Jabiru Field were up, with ***Ampol Exploration*** ahead 5 cents at A$3.50 and **Weeks Australia** 4 cents at A$1.07, following the spudding of the Jabiru Three well.

Hartogen *dropped 5 cents to* A$2.15, **Bridge and Santos** rights 4 cents each to A$2.35 and A$1.86 and Santos 2 cents to A$5.88.

Claremont put on 13 cents to A$1.65 and ***Moonie*** 5 cents to A$2.70.

SINGAPORE

Stocks drifted in narrow-ranged, directionless trading as lack of investor interest continued to plague the market.

The main factor was the continuing liquidity problem of the market brought on by the scarcity of participants, according to one trader.

The Straits Times Industrial index had crept up 1.07 points by midday, but gradual erosion during the afternoon left the market barometer down 1.24 at 949.84 at the end of the day.

Falls outnumbered rises by seven to five, as turnover increased to 9.7m shares from 9.6m on Thursday.

TDM BHD, the most active stock with 717,000 shares exchanged, closed 3 cents lower at S$2.95.

Tan Chong closed unchanged at S$1.19 with 583,000 units traded, while **Pan Electric** fell *3 cents to C$2.02 on turnover* of 358,000 units.

Among falls, **Oriental Holdings** fell 45 cents to S$5.25, **Esso** 10 cents to S$14.90, **National Iron** 10 cents to S$5.50 and **Keppel Shipyard** 6 cents to S$2.42.

GERMANY

After a slow start, share prices advanced late in the session to close generally higher on the Frankfurt Stock Exchange, but volume remained low in view of the coming three-day weekend.

Brokers said hopes for a settlement to the labour dispute in West Germany's metalworking industry by next week improved sentiment. They also cited expectations that the motor industry may recover from two weeks of idle assembly lines more quickly than originally thought, provided the strikes end soon.

Market participants were comforted by a steady performance on Wall Street in recent days and the fact that the D-mark has been able to hold its ground against the dollar.

The Commerzbank index rose 6.3 points to 1,007.5.

In Autos, **Daimler** rose DM 0.20 to close at DM 576, **VW** gained DM 1 to DM 193.50 and **BMW** DM 4 to DM 393.50, **Porsche** added DM 4.50 to DM 1,084, while tyremaker **Contigummi** rose DM 0.50 to DM 127.

PARIS

Shares drifted slightly lower in quiet trading ahead of the Whit holiday weekend, with the bourse indicator off 0.4 per cent at the end of business and declines leading advances by 84 to 60.

Market observers said uncertainty over the direction of Wall Street was keeping some investors away.

Closing prices for North America were not available for this edition.

CANADA

Stock	June 7	June 6
AMCA-Intl	21¼	21½
Abitibi	25½	25½
Agnico Eagle	17½	18⅛
Alberta Energy	20¾	20⅞
Alcan Aluminium	38	38⅝
Algoma Steel	22	21¾
Campbell Red Lk	35¼	36
Can. Cement Pf	13¾	13¾
Can. NW Energy	31	31⅞
Can. Packers	26	26
Can. Trustco	20⅛	20
Can-Imp.Bank	25¼	25¼
Can. Pacific	40⅞	41⅛
Can. Pac. Ents	22	21½
Dome Mines	17½	17⅞
Dome Petroleum	3.55	3.75
Dominion Strs	19½	19⅛
Domtar	31⅜	31
Falconbridge	60¼	60¼
Genstar	22	21⅞
Giant Y'knife	26½	26
Gt. West Life	2.85	2.85
Macmil. Bloedel	25⅝	26⅞
Marks & Spencer	14½	14½
Massey Ferguson	3.90	3.95
McIntyre Mines	32¾	33
Mitel Corpn	9¼	9¼
Molson A	17	17
Moore Corp	48½	48⅝
Nat. Sea Prods A	6½	6½
Ranger Oil	10	10
Reed Stenhs A	11¾	11¾
Rio Algom	16½	16½
Royal Bank	27⅜	27⅞
Royal Trust A	25	25
Sceptre Res	6½	6¾
Seagram	44	42⅞
Shell Canada Oil	25⅜	25⅞

Indices

NEW YORK

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

هكذا اصل الاصل

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firmer

The dollar improved in currency markets yesterday, underpinned by fears of higher U.S. interest rates. There was speculation that the Federal authorities may have already tightened their stance on credit with Federal funds trading at 10⁷⁄₁₆ per cent despite a $1bn customer repurchase agreement. Middle East tension continued to provide background support.

However, the extent of the dollar's rise was inhibited by concern over the effects of higher rates on third world debtor nations. Volume was further reduced by the proximity of a three-day weekend in many parts of Europe. Thursday's better than expected U.S. M1 money supply figures played a brief part in checking the dollar's rise although Eurodollar interest rates still finished the day little changed from Thursday.

The dollar closed at DM 2.6980 up from DM 2.6945 and SwFr 2.2490 compared with SwFr 2.2435. It was also higher against the yen at Y231.65 from Y231.30 and FFr 8.30 compared with FFr 8.2850. On Bank of England figures, the dollar's trade weighted index rose from 130.2 to 130.5.

Sterling showed little overall change with its trade weighted index easing slightly to 79.6 from 79.7, having stood at 79.7 at noon and in the morning. Against the dollar it finished at $1.3945-1.3955, a fall of just 5 points and it was also easier against the D-mark at DM 3.7625 compared with DM 3.7650. It rose a little in terms of the Swiss franc at SwFr 3.1375 from SwFr 3.1325 and was unchanged against the French franc at FFr 11.58. It fell against the yen to Y323.0 from Y323.25.

£ in New York (latest)

	June 8	Prev. close
Spot	$1.3960-3970	$1.3960-3970
1 month	0.22-0.24 dis	0.22-0.24 dis
3 months	0.79-0.83 dis	0.76-0.80 dis
12 months	3.80-3.87 dis	3.84-3.88 dis

£ forward rates are quoted in U.S. cents discount.

THE POUND SPOT AND FORWARD

June 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3910-1.3975	1.3945-1.3955	0.22-0.25c dis	−2.02	0.79-0.83dis	−2.32
Canada	1.8080-1.8160	1.8120-1.8130	0.30-0.40c dis	−2.31	1.12-1.25dis	−2.61
Nethlnd.	4.23-4.25	4.23¾-4.24¾	1¼-1c pm	3.00	3¼-3 pm	2.95
Belgium	76.55-76.90	76.70-76.80	11-18c dis	−2.27	42-50 dis	−2.40
Denmark	13.80-13.84	13.80½-13.81½	1¼-2¼ore dis	−1.95	3¼-4¼dis	−1.23
Ireland	1.2275-1.2330	1.2300-1.2310	0.25-0.33p dis	−2.83	0.86-1.01dis	−3.04
W. Ger.	3.75-3.77¼	3.75¾-3.76¾	1¼-1pf pm	3.59	3¼-3¼ pm	3.45
Portugal	193.65-194.80	193.85-194.15	70-175c dis	−7.58	260-675dis	−9.54
Spain	212.50-213.35	212.85-213.05	100-130c dis	−6.48	150-390dis	−5.07
Italy	2329-2340	2332-2334	9-12lire dis	−5.40	32-36 dis	−5.74
Norway	10.74-10.78¾	10.75-10.76	3-4ore dis	−3.90	9-10 dis	−3.53
France	11.53¼-11.58½	11.57½-11.58½	3-3½c dis	−3.30	12⅞-13¼dis	−4.53
Sweden	11.18-11.21¾	11.18½-11.19½	1.90-2.85ore dis	−2.55	5.80-6.85dis	−2.26
Japan	322¼-323¼	322½-323½	0.81-0.74y pm	2.88	2.44-2.33 pm	2.95
Austria	26.35-26.47	26.41-26.46	6-4¼gro pm	2.44	17-13½ pm	2.31
Switz.	3.12½-3.14½	3.13¾-3.14¾	1¾-1¼c pm	5.50	4¾-4 pm	5.34

Belgian rate is for convertible francs. Financial franc 77.90-78.00.
Six-month forward dollar 1.74-1.79c dis, 12-month 3.78-3.88c dis.

THE DOLLAR SPOT AND FORWARD

June 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3910-1.3975	1.3945-1.3955	0.22-0.25c dis	−2.02	0.79-0.83dis	−2.32
Ireland†	1.1315-1.1370	1.1325-1.1335	0.09-0.04c pm	0.69	0.25-0.15 pm	0.71
Canada	1.2990-1.3025	1.3010-1.3015	0.04-0.06c dis	−0.46	0.08-0.11dis	−0.29
Nethlnd.	3.0380-3.0460	3.0405-3.0425	1.32-1.22c pm	5.01	4.15-4.00 pm	5.36
Belgium	54.95-55.15	55.07-55.09	1½-2½c dis	−0.43	1-4 dis	−0.18
Denmark	9.89½-9.92½	9.92-9.92½	.30ore pm-.20 dis	0.06	3.10-2.60 pm	1.15
W. Ger.	2.6875-2.7015	2.6975-2.6985	1.26-1.21pf pm	5.49	3.86-3.81 pm	5.69
Portugal	138.80-139.50	138.90-139.40	par-100c dis	−4.31	150-450dis	−8.62
Spain	152.35-152.80	152.60-152.70	55-75c dis	−5.11	160-200dis	−4.72
Italy	1671-1677	1675½-1676½	4½-5lire dis	−3.40	13½-14½ dis	−3.40
Norway	7.7100-7.7325	7.7125-7.7175	0.95-1.45ore dis	−1.86	2.00-2.50dis	−1.17
France	8.2750-8.3000	8.2975-8.3025	0.80-1.10c dis	−1.37	3.75-4.25dis	−1.93
Sweden	8.0200-8.0400	8.0300-8.0350	0.10-0.60ore dis	−0.52	0.80 pm-par	0.12
Japan	231.10-231.80	231.60-231.70	0.95-0.93y pm	4.87	3.08-3.04 pm	5.28
Austria	18.90-19.00	18.96-18.97	7.20-6.70gro pm	4.60	22-21 pm	4.65
Switz.	2.2380-2.2530	2.2485-2.2495	1.44-1.34c pm	7.41	4.35-4.25 pm	7.64

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.
Belgian rate is for convertible francs. Financial franc 55.85-55.90.

OTHER CURRENCIES

June 8	£	$		£ Note Rates
Argentina Peso	63.47-63.56	45.53-45.56	Austria	26.30-26.60
Australia Dollar	1.5540-1.5560	1.1140-1.1145	Belgium	77.60-78.40
Brazil Cruzeiro	2,224.8-2,237.6	1,596-1,604	Denmark	13.76-13.89
Finland Marka	8.0095-8.0380	5.7550-5.7600	France	11.51-11.62
Greek Drachma	149.90-150.30	107.30-107.60	Germany	3.74-3.77
Hong Kong Dollar	10.868-10.8755	7.8026-7.8046	Italy	2320-2350
Iran Rial	122.70*	87.75*	Japan	321-326
Kuwait Dinar (KD)	0.41295-0.41290	0.29605-0.29620	Netherlands	4.21¼-4.25½
Luxembourg Fr.	75.70-76.80	55.07-55.09	Norway	10.73-10.86
Malaysia Dollar	3.2100-3.2175	2.3045-2.3060	Portugal	180½-199
New Zealand Dlr.	2.1503-2.1553	1.5415-1.5450	Spain	205-214½
Saudi Arab. Riyal	4.8880-4.8930	3.5045-3.5100	Sweden	11.15-11.28
Singapore Dollar	2.9300-2.9375	2.1035-2.1060	Switzerland	3.12-3.15
Sth African Rand	1.7920-1.7935	1.2845-1.2870	United States	1.38½-1.40½
U.A.E. Dirham	5.1150-5.1205	3.6720-3.6730	Yugoslavia	178-202

* Selling rates.

EXCHANGE CROSS RATES

June 8	Pound Sterling	U.S. Dollar	Deutsche m'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.395	3.763	323.0	11.58	3.138	4.243	2333.	1.815	76.75
U.S. Dollar	0.717	1.	2.698	231.7	8.300	2.249	3.043	1676.	1.301	55.03
Deutschemark	0.266	0.371	1.	85.88	3.078	0.834	1.128	620.1	0.482	20.40
Japanese Yen 1,000	3.096	4.319	11.65	1000.	35.85	9.714	13.15	7223.	5.611	237.6
French Franc 10	0.864	1.205	3.249	278.9	10.	2.709	3.664	2015.	1.565	66.28
Swiss Franc	0.319	0.445	1.199	102.9	3.691	1.	1.352	743.6	0.578	24.46
Dutch Guilder	0.236	0.329	0.887	76.13	2.730	0.740	1.	549.9	0.427	18.09
Italian Lira 1,000	0.429	0.598	1.615	138.4	4.964	1.345	1.818	1000.	0.777	32.90
Canadian Dollar	0.552	0.770	2.076	178.2	6.389	1.731	2.341	1287.	1.	42.34
Belgian Franc 100	1.303	1.818	4.902	420.8	15.09	4.088	5.528	3040.	2.362	100.

MONEY MARKETS

Rates ease

The Treasury bill average rate of discount fell to 8.8613 per cent at yesterday's tender from 8.9245 per cent the previous week. This reflected a dissipation of market fears over a possible rise in UK clearing bank base rates. The £100m of bills on offer attracted bids of £665.03m, up from £418.48m the previous week. The minimum accepted bid was £97.79 and bids at that level were met as to about 67 per cent from 100 per cent previously. All bills offered were alloted and next week a further £100m will be on offer, replacing a similar amount of maturities.

UK clearing banks' base lending rate 9-9¼ per cent (since May 10 and 11)

This week's better-than-expected UK money supply figures helped to reduce upward pressure on rates but the extent of any decline seems to be dependent on the performance of U.S. interest rates, with the latter showing little indication of a sustained decline. In London three-month interbank money was quoted at 9⁵⁄₁₆-9³⁄₁₆ per cent compared with 9⅜-9¼ per cent on Thursday. Three-month eligible bank bills were bid at 8¹⁵⁄₁₆ per cent, unchanged from previously, while three-month Sterling CDs slipped to 9⁵⁄₁₆-9³⁄₁₆ per cent from 9⅜-9¼ per cent. Weekend interbank money opened at 9¼-9½ per cent and touched a high of 9½ per cent before easing to around 5 per cent.

The Bank of England forecast a shortage of around £300m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £140m and a rise in the note circulation a further £205m. In addition banks brought forward balances £5m below target. On the other hand Exchequer transactions added £45m.

The forecast was later revised to a shortage of around £400m and the Bank gave assistance in the morning of £165m. This comprised purchases of £1m of eligible bank bills in band 1 (up to 14 days) at 9⅛ per cent and £23m in band 2 (15-33 days) at 9 per cent. In band 3 it bought £20m of eligible bank bills at 8⅞ per cent and in band 4 (64-91 days) £121m at 8⅞ per cent.

The forecast was further revised back to £300m before taking into account the morning's help and the Bank gave additional assistance in the afternoon of £92m. This comprised purchases of £29m of eligible bank bills in band 1 at 9⅛ per cent and £16m in band 2 at 9 per cent. In band 4 it bought £47m of eligible bank bills at 8⅞ per cent making a total of £257m.

LONDON MONEY RATES

June 8 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	5-9⅛	8¾-9	7-9⅛	7½-9⅛	—	—	—	—	—
2 days notice	—	—	8⅞-9	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	9-9⅛	9	9⅛-9⅜	8¾-8⅞	—	—	—	—	—
One month	9¼-9⅛	9⅜-9¼	9⅛	9⅜	8⅞-9	9	[illegible]	9	[illegible]	[illegible]
Two months	9⅜-9¼	9⅜-9¼	9¼	9½	8⅞-9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	9⅜-9¼	9⅜-9¼	9⅜	9½	9-9⅛	8⅞	8⅞	[illegible]	[illegible]	[illegible]
Six months	9⅝-9⅜	9⅞-10	9⅞	—	—	—	—	9-9⅛	9-9⅛	[illegible]
Nine months	9⅞-9¾	10⅛-10¼	10	—	—	—	—	—	—	—
One year	10-9⅞	10⅜-10¼	10⅜	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	9⅝-9⅜	—	9½	10.65-10.55	9¼-9½	9⅛-9¼
Two months	9¾-9½	—	9½	11.1-11.2	9½-9⅝	[illegible]
Three months	9⅞-9⅝	—	9⅝	11.3-11.4	9⅝-9⅞	9⅞-9¼
Six months	9⅞-9¾	—	9⅞	12.15-12.25	10⅛-10⅜	9¾-10
Nine months	10⅛-10¼	—	10⅛	12.45-12.65	—	—
One year	10⅛-10⅜	—	10½	13.0-13.2	11-11¼	10¼-10⅜
Two years	—	11	—	—	—	—
Three years	—	11¼	—	—	—	—
Four years	—	11½	—	—	—	—
Five years	—	11¾	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV: Average Rate of Interest period May 2 to June 5 1984 (inclusive). 9.516 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 9½ per cent from June 1 1984. London and Scottish Clearing Bank Rates for lending 9-9¼ per cent. London Deposit Rate for sums at seven days notice 5¼-6 per cent. Treasury Bills: Average tender rate of discount 8.8613 per cent. Certificates of Tax Deposit (Series 6). Deposit of £100,000 and over held under one month 9½ per cent; one-three months 9¾ per cent, three-six months 10 per cent; six-nine months 10⅛ per cent; nine-12 months 10½ per cent. Under £100,000 9 per cent from June 7. Deposits held under Series 4-5 10½ per cent. The rate for all deposits withdrawn for each 7 per cent.

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING
(11.00 a.m. June 8)
3 months U.S. dollars
bid 11 1/2 | offer 11 5/8

6 months U.S. dollars
bid 12 1/4 | offer 12 1/8

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

June 8	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	9-9¼	10⅜-10⅝	12-12¼	5⅜-5⅝	2⅛-2⅜	5¼-5⅜	12-12¼	14-15	11-11½	11-11½	5⅛-5⅜	11½-12½
7 days' notice	9-9¼	10⅝-10⅞	12-12¼	5⅞-6	2⅛-2⅜	5¼-5⅜	12-12¼	14-15	11-11½	11-11½	5-5¼	11½-12½
Month	9⅛-9⅜	11-11⅛	11⅞-11⅞	5⅞-6⅛	3⅜-3½	5⅞-5⅜	12¼-12½	14⅝-14⅞	11½-11⅞	11½-11⅞	[illegible]	10⅝-11
Three months	9⅜-9½	11½-11⅝	11⅞-11⅞	6⅛-6¼	3⅝-3⅞	5¼-5⅜	13⅛-13½	14⅞-15¼	11-12	11-12	[illegible]	10⅞-11½
Six months	9⅝-9⅞	12¼-12⅜	12⅝-12⅞	6⅜-6½	4⅛-4⅜	6⅛-6⅜	14¼-14½	15⅜-16	12-12½	11¾-12½	6-6⅛	10⅞-11½
One year	10⅛-10½	13¼-13⅜	13⅜-13⅝	6⅞-7	4⅛-4⅜	6⅜-6⅝	15¼-15⅜	16⅞-17½	13-13½	12-12½	6⅛-6⅜	11⅝-11⅞

Asian $ (closing rates in Singapore): Short-term 10⅜-10⅝ per cent; seven days 10¹³⁄₁₆-10¹⁵⁄₁₆ per cent; one month 10¹⁵⁄₁₆-11⅛ per cent; three months 11⅝-11¾ per cent; six months 12⁵⁄₁₆-12⁷⁄₁₆ per cent; one year 13⅛-13⅜ per cent. Long-term Eurodollars: two years 13¾-14 per cent; three years 14-14¼ per cent; four years 14⅛-14⅜ per cent; five years 14¼-14½ per cent nominal closing rates. Short-term rates are call for U.S. banks and Japanese yen, two days' notice.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1984 High	1984 Low
METALS					
Aluminium	£950	—	£1100	£1100	
Free Market c.i.f.	$1370/1400	−20	$1460/490	$1586/610	$1285/1315
Antimony					
Free Market 99.6%	$4350/4380	−10		$4400/4500	$2450/470
Copper-Cash High Grade	£1007.25	−19.25	£1084.25	£1101.25	£945
3 months Do. Do.	£1027.75	−15.5	£1106.25	£1116.25	£969.75
Cash Cathode	£1011	−19	£1044.5	£1100.5	£940.5
3 months Do.	£1026.5	−15.5	£1073.5	£1108.25	£957
Gold Per oz	$386.375	−7.75	$411.5	$405.75	$365.125
Lead Cash	£340.5	+3	£281.25	£349.5	£269.5
3 months	£343.25	+3.5	£291.75	£348.25	£275.75
Nickel	£4869		£4617.4	£5097	£4836
Free Markets c.i.f. lb.	215/235c		201/250c	213/228c	203/228c
Palladium per oz	$152.50	−2.5	$125.00	$162.25	$146.75
Platinum per oz	$388.5	−9.5	$368.90	$411.25	$367.35
Quicksilver (76 lbs)	$295/305	−2.5	$280/290	$313/318	$290/300
Silver per oz	652.90p	−19.70	749.50p	670.70p	561.20p
3 months per oz	667.40p	−20.60	759.60p	694.40p	573.90p
Tin cash	£9095.5	+33	£8415	£9140	£8500
3 months	£9025.5	+25	£8455	£9077.5	£8517.5
Tungsten Ind.	$84.14		$54.61	$84.14	$75.43
Wolfram (22.04 lb.)	$85/89		$66/66	$86/90	$71/75
Zinc cash	£749.5	−48	£466	£797.5	£630
3 months	£669.5	−20.75	£479.75	£718.25	£640.5
Producers	$1,050/1,090		$780	$1050/1090	$900
GRAINS					
Barley Futures	£107.10u	−0.55	£109.65	£123.55	£105.65
Maize French	£152.50	+1	£145.00	£152.50	£145.50
WHEAT Futures	£107.60u	−0.50	£116.45	£130.50	£107.45
Hard Winter Wheat	‡				
SPICES					
Cloves	$5,300v	+300	[illegible]	[illegible]	[illegible]
Pepper, white	$5,250v	—	$1,750	$5,450	$3,100
" black	$1,850v	—	$1,250	$2,350	$1,800
OILS					
Coconut (Philippines)	$1590v	—	$730	$1,535	$1042.5
Groundnut 5%	‡	—	$807.5	$1,180	$920
Linseed Crude	‡	—	£340	£444	£397
Palm Malayan	$825t	−145	$410	$1,000	$660
SEEDS					
Copra (Philippines)	$840 x	−25	$510	$865	$685
Soyabeans (U.S.)	$322.2	—	$251.2	$358	$286.25
OTHER COMMODITIES					
Cocoa Shipments §	£2,026	−58	£1,548	£2,173	£1,678
Cocoa Futures Sept.	£1,960	−53	£1,506.5	£2103.5	£1638.5
Coffee Futures Sept.	£2,250	−76.5	£1,590.5	£2,512	£1,899.5
Cotton Index	85.15c	−1.15	85.05c	90.10c	85.15c
Des. Coconut	£1140	—	£740	£1,140	£995
Gas Oil Fut. July	$245.57	−7.25	$242.75	$257.75	$258
Jute LJA BWC grade	$500v	—	‡	$510	$485
Rubber kilo	64.5p	−2.5	73p	91p	64p
Sago Pearl	£315v	—	£285	£315	£285
Sisal No. 3L	$660/670v	—	$645	$670	$630
Sugar (Raw)	£109.5v	—	£179	£137	£105.75
Tapioca No. 1	£318v	—	£280	£320	£295
Tea (quality) kilo	294p	+2	‡	375p	282p
(low med) kilo	220p	−8	‡	270p	210p
Wooltops 64s Super	476p kilo	—	384p kilo	477p kilo	438p kilo

‡ Unquoted. (g) Madagascar. § Ghana cocoa. (t) July. (u) Sept. (v) June-July. (z) May-June. (x) July-August.

REVIEW OF THE WEEK

Coffee prices down despite frost warning

BY OUR COMMODITIES STAFF

THE COFFEE market yesterday shrugged off a warning from a private weather forecaster that a Pacific storm system could soon bring freezing temperatures to the Brazilian coffee belt. Prices moved up initially but soon fell back to end £20.50 down on the day and £76.50 down on the week at £2,250 a tonne.

Earlier falls had been influenced by anticipation of action by the International Coffee Organisation to ease the recent tight nearby supply situation.

This pushed September coffee down to £2,203.50 a tonne at one stage but most of the fall was recovered because traders thought the action agreed at the ICO meeting would have little effect on nearby supplies. The meeting agreed on the immediate release of 1m bags (60 kilos each) of export quotas remaining under the current April/June quarter and the early release of most of the July/September quota.

A U.S. Agriculture Department forecast that the world coffee crop would rise 2 per cent next year to 92.5m bags appeared to have little impact on market sentiment.

Cocoa values followed a similar pattern though early falls were partly recovered yesterday, when a £15.50 rise left the September price £53.00 down on balance.

The earlier fall was attributed to speculative selling in reaction against the previous strength of the market.

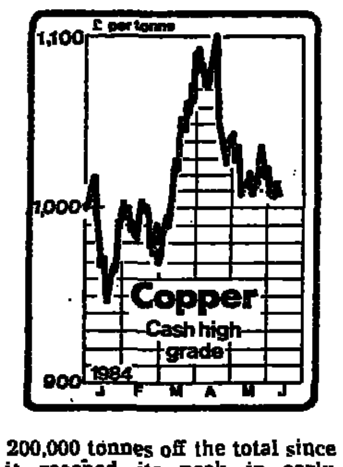
This week saw the first expiry on the London pigmeat futures market, which opened in March.

The June position went off the Board on Thursday with 16 lots of 50 carcases remaining for tendering. Most traders thought this was a reasonable level and should not overstretch the market's resources. The June contract fell sharply near expiry to come into line with the physical market level. Producers will now be waiting to see if deliveries against outstanding contracts go off without hitches.

Base metals prices on the London Metal Exchange had a mixed week with copper, zinc and aluminium prices sharply lower but lead and tin somewhat higher.

Copper's fall, which left the cash position £19.25 down at £1,007.25 a tonne, reflected the early strength of sterling, disappointed at a relativel small fall in LME stocks last week and weaker gold.

Yesterday's decline was further encouraged by talk of a substantial rise in stocks being announced on Monday, ending a long run of successive stocks cuts which has trimmed nearly 200,000 tonnes off the total since it reached its peak in early February.



Zinc showed the sharpest fall this week with cash metal ending £48 down at £749.50. This reflected general selling encouraged by a 1,200 tonnes rise in warehouse stocks.

Lead was firmer on continued buying which was influenced by strikes in the U.S. lead industry. Dealers believe these could result in a further outflow from LME stocks next week.

LONDON OIL

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.30-28.45	+0.02
Dubai Fateh	28.10-28.20	—
Arab Heavy	27.10-27.20	−0.05
North Sea (Forties)	29.50-29.55	−0.08
North Sea (Brent)	29.60-29.70	−0.1
African (BonnyLi'ht)	29.70-29.75	−0.1
PRODUCTS—North West Europe ($ per tonne)		
Premium gasoline	274-280	−1
Gas Oil	240-244	−2.5
Heavy fuel oil	180-182	−0.5

GAS OIL FUTURES

The gas oil market opened a dollar lower, but met fairly good support. With weaker physical prices and a disappointing New York opening prices drifted lower, before rallying on the close on pre-weekend nervous short-covering, reports Premier Man.

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
June	245.25	−1.58	246.25-45.25
July	245.75	−1.00	246.50-45.00
Aug	247.25	−1.50	248.50-47.25
Sept	249.50	−1.50	250.75-49.25
Oct	252.00	−1.00	252.50-52.00
Nov	254.25	−0.25	254.25-54.00
Dec	255.50	−1.00	255.80
Jan	256.25	−0.25	256.25-55.75
Feb	257.50	+0.50	—

Turnover: 1,458 (1,995) lots of 100 tonnes.

GOLD MARKETS

Gold fell $5¾ an ounce from Thursday's close in the London bullion market yesterday to finish at $386¼-386¾. The metal opened at $389-389½ which proved to be the day's high and slipped to a low of $385½-386. Trading in the U.S. confirmed the losses registered in London although there appeared to little follow through pressure later in the day.

LONDON FUTURES

Month	Yest'days close	+ or −	Business Done
	$ per troy ounce		
June	392.60-92.80	−6.05	395.80-92.50
Aug	400.30-01.00	−6.45	—
Oct	409.00-10.00	−5.75	—
Dec	418.00-19.50	−5.25	—
Feb	—	—	—
April	—	—	—

Turnover: 458 (274) lots of 100 troy ounces.

	June 8		June 7	
Gold Bullion (fine ounce)				
Close	$386¼-386¾	(£277¾-278¼)	$391¾-392¼	(£280¼-280¾)
Opening	$389-389½	(£278¼-278¾)	$392-392¼	(£280-280½)
Morning fixing	$387.10	(£277.630)	$392	(£280.240)
Afternoon fixing	$386	(£276.941)	$392.20	(£280.143)

Gold and Platinum Coins June 8					
Krugrnd	$398¼-399	(£285¾-286¼)	King Sov	$92-93½	(£66-67)
½ Krug.	$205½-206¼	(£147½-148)	Victoria Sov	$92-93½	(£66-67)
¼ Krug.	$105-105¾	(£75¼-75¾)	French 20s	$73¾-75½	(£53-54¼)
1/10 Krug.	$43-43¾	(£30¾-31¼)	50 Pesos Mex	$477-479	(£342¼-343½)
Mapleleaf	$398-398¾	(£285½-286)	100 Cor Aust	$377-380	(£270½-272½)
New Sov.	$91-91¾	(£65¼-65¾)	$20 Eagles	$550-560	(£394½-401¾)
½ New Sov.	$55¼-56	(£39¾-40¼)	Noble (Plat.)	$399¾-404	(£286¾-289¾)

BASE METALS

COPPER

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1,003.50, 04, 04.50, 05, three months £1,026, 24, 24.50, 25, 24.50, 24, 24.50, 25. Cathodes: Three months £1,023. Kerb: Higher Grade, three months £1,026, 25.50. Afternoon: Higher Grade, three months £1,026.50, 27, 27.50, 28. Kerb: Higher Grade, three months £1,029, 29.50, 30, 31, 31.50, 32. Turnover: 25,320 tonnes. U.S. Producers: 69-72 cents per pound.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grde	£	£	£	£
Cash	1004.5-5	−8.75	1007-.5	−8.25
3 months	1024.5-5	−9	1027.5-8	−9
Settlem't	1005	−9	—	.....
Cathodes				
Cash	1008-9	−8.25	1010-2	−7.5
3 months	1023.5-4	−8.5	1026-7	−7
Settlem't	1009	−8	—	.....

TIN

Tin — Morning: Standard, three months £9,035, 30, 26. High Grade: Three months £9,070, 72, 70. Kerb: Standard, three months £9,030, 25. High Grade: Three months £9,071. Afternoon: Standard, cash £9,096, 9,100, three months £9,029, 25, 26, 25. Kerb: Standard, three months £9,30, 35, 40, 38, 36. High Grade: Three months £9,080. Turnover: 2,725 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grde	£	£	£	£
Cash	9110-20	+12.5	9115-25	+17.5
3 months	9070-2	+23.5	9065-75	+7.5
Settlem't	9120	+15	—	.....
Standard				
Cash	9095-100	+15.5	9095-6	+10.5
3 months	9025-6	+10	9025-6	+5
Settlem't	9100	+15	—	.....
Straits E.	$29.19	.....		

LEAD

Lead — Morning: Cash £340, three months £343, 43.50, 43, 42.50, 42, 41.50. Kerb: Three months £341, 41.50. Afternoon: Three months £342, 41.50, 42.50, 43. Kerb: Three months £342.50, 43, 44, 45. Turnover: 23,750 tonnes. U.S. Spot: 26-28 cents per pound.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	338-9	+5.25	340-1	+6.25
3 months	341-.5	+5.5	343-.5	+5
Settlem't	339	+5.5	—	.....

ZINC

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	765-6	−16	749-51	−23
3 months	674-6	−2.5	669-70	−10
Settlem't	766	−16	—	.....

Zinc—Morning: Cash £768, three months £674, 75. Afternoon: Three months £674, 73, 72, 70, 71, 70. Kerb: Three months £671, 70, 68, 67. Turnover: 15,800 tonnes. U.S. Prime Western: 52.75-53.75 cents per pound.

ALUMINIUM

Aluminium — Morning: Cash £928, three months £944, 43, 42.50, 42, 41.50, 42, 42.50, 42, 41.50, 41. Kerb: Three months £942.50, 42, 42.50, 43, 44, 43, 42. Afternoon: Three months £943, 43.50, 44, 44.50, 45, 46, 46.50, 46, 45.50. Kerb: Three months £946, 46.50, 47, 48, 46, 45.50, 45, 45.50. Turnover: 13,700 tonnes.

Alumin'm	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Spot	928-.5	−25.5	951.5-2.5	−17
3 months	941-.5	−23	945.5-6	−16.2

NICKEL

Nickel — Morning: Three months £3,515, 20, 15, 10, 05, 08. Kerb: Three months £3,510, 15. Afternoon: Three months £3,520, 15, 16, 17, 20, 25. Kerb: Three months £3,520, 25. Turnover: 1,020 tonnes.

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −†
Spot	3420-25	−.5	3445-50	+20
3 months	3505-8	−2.5	3520-5	+14

Nickel—Morning: Three months £3,508, 10. Afternoon: Three months

SILVER

Silver was fixed 5.55p an ounce lower for spot delivery in the London bullion market yesterday at 652.9p. U.S. equivalents of the fixing levels were: spot $9.121, down 10.4c; three-month $9.375, down 10.2c; six-month $9.655, down 10.7c; and 12-month $10.298, down 10.7c. The metal opened at 654-657p ($9.14-$9.17) and closed at 651½p-654½p ($9.08-$9.11).

SILVER per troy	Bullion fixing price	+ or −	L.M.E. p.m. Unoffial	+ or −
Spot	652.90p	−5.55	652.5p	+8
3 months	667.40p	−5.85	677.75p	−9.5
6 months	682.90p	−5.80	—	.....
12 months	717.90p	−6.10	—	.....

LME—Silver (2,000 oz contract): Cash 652.5p (660.5p); three months 667.75p (677.25p). Turnover: 0 (0).

Turnover: 129 (336) lots of 10,000 oz. Morning: Large three months 667, 66.5, 66, 66.5, 67, 68, 67.5, 67.7. Kerb: Large three months 669.0. Afternoon: Large three months 68, 67. Kerb: Large three months 668, 67.5, 67, 67.1.

GRAINS

Business done—Wheat: July 132.10-130.00. Sept untraded. Nov 110.70-110.60. Jan 113.70-113.60. March 116.65-116.60. May 119.50-119.30. Sales: 209 lots of 100 tonnes. Barley: Sept 113.25-113.20. March 116.15-115.90. May 118.60 only. Sales: 65 lots of 100 tonnes.

Mnth	WHEAT Yesterd'ys close	+ or −	BARLEY Yesterd's close	+ or −
July	131.95	+1.55	—	.....
Sept.	107.60	−0.50	107.10	−0.35
Nov.	110.60	−0.50	110.35	−0.15
Jan.	113.60	−0.50	113.30	−0.20
Mar.	116.45	−0.45	115.95	−0.35
May.	119.40	−0.15	118.40	−0.25

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent July 138.75, Aug 136.75, Sept 135.25 sellers trans shipment East Coast. English feed fob second half Aug Aug 109, Sept 110 sellers trans shipment East Coast. Maize: U.S. No 3 Yellow/French June 152.50 seller East Coast. Barley: English feed fob second half Aug 108.50, Sept 110 sellers Scotland. Sorghum: U.S./Argentine/French French mid-May/mid-June 138 quoted cif free out. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 121.00, N East 121.50. Scotland 119.00. The UK monetary coefficient for the week beginning Monday June 11 is expected to change to 0.987.

COCOA

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
July	2002-03	+19.0	2020-81
Sept.	1959-61	+15.5	1975-48
Dec.	1814-15	+11.5	1825-00
March	1771-72	+10.5	1782-58
May	1780-83	+10.0	1780-72
July	1787-89	+12.0	1787
Sept.	1800-05	+11.0	—

Turnover: 4,349 (6,522) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound): daily price for June 8: 117.95 (117.08); 5-day average for June 11: 118.19 (118.92).

COFFEE

COFFEE	Yesterd'ys Close	+ or −	Business Done
July	2240-50	+4.5	2325-40
Sept.	2248-52	−20.5	2330-45
Nov.	2265-57	−41.0	2345-53
January	2220-25	−62.0	2305-85
March	2180-85	−35.0	2245-90
May	2147-55	−31.5	2210-60

Sales: 5,586 (6,777) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for June 7: Comp daily 1979 147.54 (148.12); 15-day average 150.06 (150.24).

SUGAR

LONDON DAILY PRICE—Raw sugar £109.50 ($152.50), down £3.00 (down $5.00) a tonne for June/July delivery.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Aug	169.00-69.40	162.40-62.60	162.00-59.40
Oct.	167.60-67.80	171.00-71.20	171.40-67.40
Dec	176.20-76.60	176.20-76.60	175.00-76.00
Mar.	193.40-95.60	186.20-96.40	195.00-95.20
May	199.00-00.00	202.80-03.00	200.00-99.60
Aug	208.40-09.40	211.20-12.00	210.60-08.00
Oct	216.60-17.00	218.60-19.80	217.00

Sales: No 6 1,566 (4,543) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £221.00 (same) a tonne for export.

INDICES

FINANCIAL TIMES

June 7	June 6	M'th ago	Year ago
308.13	307.49	311.16	269.48

(Base: July 1 1952=100)

REUTERS

June 8	June 7	M'th ago	Year ago
1955.2	1968.1	1969.3	1843.6

(Base: September 18 1931=100)

MOODY'S

June 7	June 6	M'th ago	Year ago
1071.9	1074.3	1078.9	1044.2

(Base: December 31 1974=100)

DOW JONES

Dow Jones	June 7	June 6	Month ago	Year ago
Spot	180.13	140.63	140.09	n/a
Fu's	140.31	140.51	140.6	146.21

(Base: December 31 1974=100)

PIGMEAT

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Aug	116.8	116.4	117.0-116.8
Oct	119.5	119.8	120.0-119.5
Nov	120.0	119.9	120.5-120.0
Feb	117.3	117.0	—
April	117.8	117.3	—
June	116.8	—	—

Sales: 111 (402) lots of 50 carcases 3,250 kilos.

POTATOES

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Nov	70.20	71.60	71.00-69.60
Feb	78.50	80.20	78.00-77.60
April	91.00	91.40	91.00-89.90
May	98.00	98.90	95.50-97.60
Nov	80.00	80.00	—

AMERICAN MARKETS

NEW YORK, June 8.

Soyabeans sold off sharply on relentless local selling and continued long liquidation, the decline has some serious technical implications by creating expectations of further significant price setbacks, reports Heinold Commodities. Maize and wheat were moderately lower on more favourable growing prospects of newly planted crop. Gold and silver were weak as tired long liquidation developed on the lack of fresh news in the Persian Gulf conflict and on continued concerns over the direction of interest rates. Copper was firm on good trade support and on expectations that the International Trade Commission will favour a limit on U.S. copper imports. Aluminium was under pressure from long liquidation on technical selling and continued indications of slack demand. Sugar was marginally lower as light trade support offset commission house long liquidation. Cocoa came under pressure from reports of Brazilian selling.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
June	60.60	—	—	61.80
July	61.20	61.60	61.25	62.30
Aug	61.70	—	—	62.80
Sept	62.25	62.50	62.20	63.35
Dec	63.70	64.00	64.00	64.50
Jan	64.25	—	—	65.55
March	65.30	—	—	66.40
May	66.35	—	—	67.45
July	67.40	—	—	68.50
Sept	68.45	—	—	69.55

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
July	2410	2459	2410	2459
Sept	2440	2443	2435	2512
Dec	2350	2432	2350	2457
March	2325	2395	2325	2370
May	2385	2410	2385	2385
July	—	—	—	2368
Sept	2365	—	—	2388

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
July	146.25	49.95	45.55	48.79
Sept	145.50	49.65	45.45	48.41
Dec	145.34	49.30	45.30	48.37
March	143.60	47.75	43.50	46.76
May	143.50	46.00	43.50	45.38
July	142.13	—	—	44.38
Sept	140.75	—	—	43.32

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
June	63.30	63.10	63.10	63.00
July	63.75	63.35	62.80	63.45
Aug	64.45	—	—	64.15
Sept	65.10	65.20	64.25	64.85
Dec	67.20	67.25	66.50	66.95
Jan	67.90	—	—	67.65
March	69.25	69.30	68.80	69.95
May	70.60	—	—	70.45
July	71.95	—	—	71.80
Sept	73.30	73.30	72.95	73.20

COTTON 50,000 lb, cents/lb

	Latest	High	Low	Prev
July	81.81	82.94	81.81	82.95
Oct	77.00	78.10	77.00	78.42
Dec	75.12	75.40	75.03	75.22
March	76.31	76.50	76.29	76.45
May	—	—	—	77.10
July	77.48	77.48	77.48	77.50
Oct	76.00	—	—	75.40

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
July	30.33	30.44	30.33	30.40
Aug	30.45	30.52	30.42	30.47
Sept	30.47	30.55	30.45	30.51
Oct	30.45	30.54	30.45	30.50
Nov	30.45	30.53	30.45	30.48
Dec	30.44	30.52	30.44	30.48
Jan	30.40	30.42	30.40	30.44
Feb	30.34	30.37	30.34	30.29
March	30.30	30.37	30.34	30.29

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
July	78.80	79.20	78.40	79.07
Aug	79.80	80.50	79.65	80.34
Sept	81.05	81.75	80.90	81.58
Oct	82.10	82.90	82.00	82.90
Nov	83.50	84.00	83.50	84.00
Dec	84.40	85.00	84.30	85.00
Jan	84.90	85.10	85.10	85.50
Feb	84.70	—	—	85.00
March	83.00	—	—	82.75

ORANGE JUICE 15,000 lbs, cents/lb

	Close	High	Low	Prev
July	180.80	82.35	80.50	80.25
Sept	178.70	81.00	78.25	78.25
Nov	176.25	78.25	76.25	76.25
Jan	176.65	78.25	76.25	76.25
March	176.00	78.00	77.50	76.00
Sept	175.60	—	—	75.50
Nov	175.40	—	—	75.40

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
June	385.7	—	—	389.6
July	389.2	392.8	389.0	393.1
Oct	400.1	403.5	400.0	404.0
Jan	409.4	411.5	410.5	413.3
April	418.6	423.5	421.5	422.5
July	428.1	—	—	432.0

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
June	902.5	903.0	902.0	918.0
July	908.0	915.0	905.0	925.0
Aug	917.1	—	—	934.3
Sept	926.5	938.0	924.0	943.8
Dec	955.7	967.5	954.0	973.2
Jan	965.9	972.0	972.0	983.4
March	986.4	996.0	998.0	1004.2
July	1030.7	1038.0	1030.0	1048.8

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
June	383.6	387.7	384.5	393.2
July	386.5	—	—	395.2
Aug	390.5	393.7	389.0	398.4
Oct	397.3	401.5	395.8	404.5
Dec	403.7	410.3	405.0	413.0
Feb	414.3	419.0	413.0	421.7
April	422.9	427.5	422.0	430.4
June	432.2	433.1	435.0	439.3
Aug	441.9	445.3	443.0	449.7
Oct	451.9	—	—	459.8
Dec	462.2	465.0	465.0	470.2
Feb	472.7	480.5	480.5	480.6
April	483.3	—	—	491.3

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
July	5.83	5.88	5.81	5.57
Sept	6.13	6.15	6.08	6.17
Oct	6.37	6.43	6.32	6.43
Jan	6.95	6.99	6.90	6.93
March	7.51	7.56	7.49	7.55
May	7.78	7.80	7.76	7.84
July	8.05	8.10	8.04	8.06
Sept	8.28	8.26	8.36	8.34
Oct	8.53	8.57	8.50	8.53

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
June	64.62	64.72	64.15	64.02
Aug	62.77	62.85	62.25	62.60
Oct	62.02	62.10	61.62	61.65
Dec	63.77	63.95	63.50	63.47
Feb	64.37	64.40	63.90	63.97
April	65.10	65.10	64.70	64.70

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
June	51.67	52.05	51.50	52.10
July	56.65	56.70	56.07	56.62
Aug	58.65	58.75	58.20	55.67
Oct	58.22	58.25	57.70	58.27
Dec	58.12	58.15	57.62	58.20
Feb	57.97	58.05	57.60	58.17
April	53.90	53.97	53.50	53.75
June	54.90	55.00	54.60	54.70
July	55.15	55.15	54.85	55.10

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
July	347.0	349.6	346.4	349.6
Sept	319.2	322.2	319.0	322.6
Dec	296.2	299.0	295.4	298.4
March	306.2	307.6	305.4	308.2
May	311.0	312.4	311.0	312.4
July	313.6	314.6	313.4	314.6

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
July	65.27	66.50	65.15	65.42
Aug	65.40	65.55	64.25	64.45
Feb	77.37	77.77	76.75	77.10
March	77.10	77.10	76.50	76.50
May	78.25	78.35	77.65	77.95
July	78.97	78.97	78.40	78.82
Aug	77.30	77.30	76.60	77.00

SOYABEANS 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
July	779.0	805.4	778.0	806.4
Aug	777.4	802.4	776.0	802.0
Sept	739.6	757.0	739.4	755.2
Nov	707.4	721.4	707.0	713.4
Jan	720.4	733.0	720.4	730.2
March	733.4	744.4	733.4	743.0
May	743.0	754.0	743.0	752.4
July	748.0	—	—	757.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
July	183.4	186.7	131.0	185.7
Aug	186.3	189.5	185.6	189.7
Sept	186.8	190.0	186.6	183.3
Oct	182.0	184.5	181.6	183.5
Dec	184.3	187.0	183.5	186.3
Jan	186.0	189.0	186.0	188.0
March	189.5	190.0	189.0	191.0
May	192.5	—	—	193.5

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	High	Low	Prev
July	34.28	34.90	34.28	35.28
Aug	33.37	33.95	33.37	34.37
Sept	31.63	32.30	31.63	32.63
Oct	28.95	29.75	28.50	29.50
Dec	27.97	28.58	27.80	28.65
Jan	27.82	28.45	27.80	28.40
March	27.50	28.15	27.50	28.20
May	27.50	28.15	27.50	28.15
July	27.48	—	—	28.15

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
July	352.2	355.4	351.6	356.0
Sept	358.6	361.2	359.4	361.6
Dec	373.8	376.4	373.2	377.2
March	384.0	386.4	383.4	387.2
May	386.2	388.0	386.2	389.0
July	370.0	373.0	370.0	372.4

SPOT PRICES—Chicago loose lard 29.50 (29.00) cents per pound. New York tin 537.0-533.0 (same) cents per pound. Handy and Harman 900.50

BOOKS

Margot's magic

BY RACHEL BILLINGTON

Margot: A Life of the Countess of Oxford and Asquith
by Daphne Bennett. Gollancz. £12.95. 442 pages

Margot Asquith has a considerable reputation but not always a favourable one. This was also true in her life. The strength of her personality was only equalled by her determination to be at the centre of the world. Her world. She loved her family, hunting, clever men and politicians—in about that order. She married one Prime Minister, Herbert Asquith, was close friends with two more, Gladstone and Arthur Balfour, and carried on feuds with another couple, Lloyd George and Winston Churchill. She was an heiress, on visiting terms with various royalty (although she found George V's court very dull) but towards the end of her days she wrote romantic trash to make money.

Margot lived from 1864 to 1945 and it seems almost incredible that, having had the walk-on part in so many biographies, this is, apart from her own autobiography, her first starring role. She does not disappoint.

Powerful women who do not have careers of their own can present a problem to an author. Domestic life has a limited appeal and personal relationships, even in the 1980s convention which allows open speculation on sexual matters, can too easily dissolve into lists of famous names. A hostess, particularly, a role for which Margot is most famous, runs these risks trebled. In addition to which a Prime Minister's wife is likely to be overshadowed by great events in which she played little part. Margot is more than equal to this problem. Her interference or, to be more charitable, her involvement in politics was legendary. When, for example, she disapproved of the choice of Kitchener in 1914 as Secretary of State for War, she took active, although in this case unsuccessful, steps to have him removed. She lobbied (in the classiest of ways) sometimes from a position of strength, as Prime Minister's wife, but just as often from weakness. Her strong views were never kept to herself but sprayed around, in emotional letters, to friends (on occasions especially cultivated for this purpose) and those who were less well-disposed. Until her middle thirties she was an obsessive and dare-devil huntswoman and it is tempting to see this hard woman to hounds reflected in her behaviour off the field.

Margot Asquith was born Margot Tennant, part of a large happy family in Scotland. Her father, Charles Tennant, was a wealthy self-made man and his money, right up to his death, provided the basis for Margot's way of life. When, at 18, she entered London society, she was able to impress not only by her wit and high spirits but also by the grandeur of her clothing and hospitality. When she married the widower, Herbert Asquith, it was Charles Tennant who bought them their palatial home, 20 Cavendish Square, and Tennant money which educated Margot's five step-children.

Later she continued to support not only relations but friends. The effect of great wealth is usually mixed. In Margot's case, it set her apart and made her curiously unresilient to reverses. She herself said that a happy carefree childhood was the worst preparation for unhappiness.

However, unlike many of the rich she did not wish to stick with her own kind. At first she wanted above all to make up for her lack of education which was most irking for a woman who wanted to be best at everything. To this end, she took Dr Jowett, the Master of Balliol, as her mentor and confidant. He submitted eagerly as indeed most people did during this period of her life. At his knee (literally) she began her education which continued until his death. She also required advice about her personal affairs. When he died she was trying to decide whether to marry Alfred Milner or Asquith and she felt quite let down by his desertion.

Milner and Asquith were serious propositions but her passion was reserved for Peter Flower, a glamorous but highly unsuitable character who found his true role as the model for the hero in her best-selling romantic novel. Marriage to Asquith was the right choice, even though it at once put Margot through the turmoil of miscarriages, births and deaths. This always dangerous business was made worse by Margot's certainty she would die in childbirth as had her beloved sister, Laura.

Margot's "nerves" were famous and, in Daphne Bennett's view, more in evidence in passive situations than on an occasion when action might be taken. Whether due to "nerves" or ill-health, Margot's trials in childbirth led to separate bedrooms from her husband. Thus the way was paved for Asquith's passionate involvement (even if not sexual) with other younger women, such as Venetia Stanley.

This was one of the many blows Margot had to cope with passively during her long life. She saw the death of her young sister, her parents, two of her children as babies and many of her friends. Yet despite nerves, insomnia and much unhappiness, Margot was essentially a fighter. When Asquith lost office as Prime Minister, she took the defeat as a personal attack and retaliated in kind. She looked on his replacement, Lloyd George, as the very devil and was very shocked by her husband's more reasonable attitude. Reason, or at very least, reasonableness, seldom appealed.

Daphne Bennett's biography is satisfyingly full of details. It also manages an excellent balance between political background and autobiographical foreground. Events such as the Jameson Raid of which Margot disapproved are described from an interestingly personal point of view. If at times she is a shade too defensive—for instance, she cannot bear to accept the poet Wilfred Scawen Blunt as Margot's first lover in the sexual sense—this should right the viewpoint that has turned Margot into an arrogant monster.


Margot in 1924—from the book reviewed today

China's hero

BY COLINA MacDOUGALL

Chou: The Story of Zhou Enlai 1989-1976
by Dick Wilson. Hutchinson. 1984. £14.95. 349 pages

On my first trip to China in September 1965, I stood with a knot of foreign correspondents at Peking airport awaiting the arrival of Prince Sihanouk. Without warning, the milling crowds parted and the slight, bushy-browed figure of Premier Zhou Enlai was among us, informally shaking hands and exchanging pleasantries.

His eagerness to meet foreigners (rare birds at that time) in a China already gearing up for the Cultural Revolution confirms Dick Wilson's ultimate verdict:

We in the west may see him as an earnest of our future collaboration with what still appears a nationalistic, culturally ethnocentric country.

Today his example and the forces for controlled change which he represented are leading China down the only possible road to true modernisation, with a comparatively orderly system of economic development and links with the outside world. Chinese ideologists have argued that modernisation which includes compromise with Marxism is bad, but the alternative, as Zhou came to know well, was an endless cycle of backbreaking toil and deprivation.

Zhou was not a prolific writer and did not have the visionary personality of Mao, who threw China into successive convulsions from which it is only now emerging. Western scholars have not paid him much attention, and this is the first easily available biography for some years. But abroad, especially in the 1950s, his intelligence and diplomatic skill pushed China instantly to the top of the third world league, a niche which its peasant guerrilla image would not otherwise have readily earned it. At home, his influence was enormous in patching up the results of Mao's disastrous experiments.

Zhou was much respected, even loved, in China by the vast mass of people who came to fear Mao's revolutionary violence and wanted only a quiet life and modest progress. For the young and the bright, he symbolised opportunity and the chance to learn something of the outside world. The traditional Chinese festival of the dead, at which he was commemorated in April 1976 soon after his death, brought the first spontaneous demonstration Peking had seen in nearly 30 years. It led to Chinese leader Deng Xiaoping's unceremonious sacking and the temporary triumph of the Gang of Four, but it also revealed the strength of Zhou's following, today clearly in the ascendant.

Zhou was born in 1898 into the extended family system of the Chinese middle class and was given to another brother who was about to die childless. His adoptive mother was a woman of character who hired a western missionary as tutor to her children. Both she and his natural mother died when he was ten; but he continued with a modern-style education, although the family were hard up, at an American sponsored school in Tianjin.

As a young man he spent 18 months in Japan and four years in Europe, not actually attending a university but working, reading, travelling and organising. Other Chinese students were doing similarly, including Deng Xiaoping whose youthful portrait appears in the book in a group photo taken in Paris in 1924.

France, the cradle of revolution, was a Mecca for young Chinese, many of whom became early members of the Chinese Communist Party. Perhaps they shared Zhou's view that "only when I came to Europe did I start an inquisitive comparison of all doctrines . . . and now I have got a firm faith." Mao Zedong, who had a chance to go to France, turned it down, partly because he had no money but also, he said, because he preferred to learn more about China.

Perhaps the key question of Zhou's long career concerns his relationship with Mao. Through the 1920s and 1930s Zhou participated in the main events of the civil war and brushed increasingly up against this moody peasant leader. Mao was far from clearly destined to emerge supreme among the stars of the party at that time. It was not until the 1935 Zunyi conference—a kind of council of war held during the Long March—that he did so, unexpectedly with Zhou's support.

In the endless jockeying for power which followed, right up through the Cultural Revolution, Zhou evidently never withdrew that support. One may wonder how far that catastrophic brainchild of Mao's would have got without Zhou's backing, but for Zhou himself Dick Wilson's book suggests that his "for better, for worse" approach to communism in general would not let him split the party further by opposing Mao.

Chronicling the lives of Chinese leaders is not easy, given the lack of letters and diaries to flesh out the official biographies. Zhou's contemporaries who left China have added their mite (where their comments on his early life are often illuminating). The reminiscences of Soviet party advisers, of Khrushchev, and even of Nixon and Kissinger give an occasional look behind the scenes.

One is conscious that guesswork and a certain ragbag approach (that is since there's not much human detail, everything available must go in) have coloured the story. But it pulls together the early history of the Chinese Communist Party in a remarkable way, and most rewarding of all, reveals the background and some of the thought processes of one of its key members.


Zhou Enlai: more often known in the West as Chou En-lai

Fiction

Requiem for the dispossessed

BY NICHOLAS BEST

Doctor Slaughter
by Paul Theroux. Hamish Hamilton. £6.95. 137 pages
Blow Your House Down
by Pat Barker. Virago. £7.95 (paperback £2.95). 170 pages
The Border
by Elaine Feinstein. Hutchinson. £8.95. 113 pages
Strange Loop
by Amanda Prantera. Jonathan Cape. £8.50. 175 pages

A beautiful American nymphomaniac with a doctorate in international relations, so poor that she lives in a Brixton bedsit and performs unnatural acts with the plumber in lieu of payment? Paul Theroux's *Doctor Slaughter* is a peculiar creation, not entirely convincing, one of those hard-bitten all American girls—long on nails, short on femininity—who stands six feet in her socks, reads *Renmin Ribao* in the Chinese and eats men for breakfast.

Literally, in many cases, for while working at an institute of international relations by day, she doubles as an escort for the Jasmine Agency by night, offering herself to all and sundry, mostly Arabs, turning as many as nine tricks at a time when she needs the money.

As to who introduced her to the agency, and why her work there is of more importance than she realises, much can be explained by the shadowy figures of Karim the Kuwaiti, Van Arkady the banker and Lord Bulbeck the diplomat. But the bulk of this short novel is concerned with the sexual prowess of Doctor Slaughter, a necessarily repetitive story—billed as a 20th century Rake's Progress—that would once have been considered pornographic. Though Paul Theroux's writing is never less than distinguished, his handling of his subject remains a puzzle.

Pat Barker's view of prostitution is altogether more down to earth. Set in a sullen northern city of the kind terrorised by the Yorkshire Ripper, *Blow Your House Down* takes a hard look at the world of the street-walker from the inside, from the point of view of those nightly in danger of being ripped.

Although there is a killer loose on the streets, this is not a whodunnit so much as a study—beautifully and sympathetically presented—of working-class despair, of a group of down-trodden no-hopers, none of them good looking, few young any more, struggling to keep their lives together, their heads above water, their families out of care.

A study of Brenda, unable to hold down her job at the chicken factory because her husband has deserted her and the child minder is abusing her children; of drunken Kath, desperately trying to make herself attractive to her killer; of Carol, whose mouldy corpse turns up on a rubbish tip, a piece of human flotsam unnoticed and unmissed. A social document, in a sense, but never heavy handed, never beating the reader about the head with its message.

For atmosphere and realism, for a sense of the here and now, *Blow Your House Down* is an immensely impressive novel, almost impossible to fault. Pat Barker writes with great insight and skill, neatly unravelling a world she cannot have known at first hand. Barring one or two structural hiccups—in particular the unmasking of the fictional Ripper—she passes her second novel test with plenty to spare.

Elaine Feinstein's *The Border* charts the decline and fall of an Austrian Jewish poet, his wife and his lover at the time of the Anschluss in 1938. Europe slips daily into the abyss, the poet is undecided whether to cut and run, both from his wife, whom he loves, and from his country, which he also loves after his fashion.

Events decide his fate for him. He moves first to Paris, where a play of his is successfully produced, then south towards Spain to escape the Germans. His lover flees to Moscow, his wife sticks with him to the bitter end. This is a novel of infidelity and betrayal, the inability of people to manage their own destinies, set against a background of momentous events and marred only by an ending which poses more questions than it answers.

There is a 19th century flavour to Amanda Prantera's striking first novel *Strange Loop* which is entirely in keeping with its theme. Ludwig, an Austrian medical student, takes a holiday job in the library of an English convent just after the war. He is interested in philosophy, as is the inhabitant of the turret in the north wing, a mysterious person whose presence is at first denied, and whom he has never seen.

A prisoner? Ludwig puts his eye to the keyhole and sees a figure in a dress, wrists lashed together, a cloth bag over its head. Par for the course in philosophy circles, but Ludwig investigates further and discovers the turret's hideous secret—a secret traditional in many ways, yet cleverly handled by the author after a ponderous start.


Amanda Prantera: striking debut

in Next week's FT

The start of a 3-week series on the state of the British industry "Wrestling With Recovery"

On the Management Page— The Commercial Paper market; how to borrow for less in the U.S.

See the Arts Page for Michael Coveney's review of "On Your Toes"

Setting up in business—a full 16-page guide to the do's and don'ts in next week's "Small Businesses" survey

Grand illusions

BY MALCOLM RUTHERFORD

Sources close to the Prime Minister
by Michael Cockerell, Peter Hennessy and David Walker. Macmillan £9.95, 255 pages

How many people believe the following sentence? "It is no exaggeration to say that Mrs Thatcher represents the culmination of 100 years of political news management." Those who do will probably enjoy the rest of this book with its allegations of government conspiracies, a mission to conceal the news and journalists all too willing to consent.

Those of a more sceptical turn of mind, however, will begin to wonder. Can it really be as bad as all that? Did Mrs Thatcher win the 1979 election because she had been pre-packaged by public relations experts, as is claimed here? Was there not a question of the Tories beginning to win the intellectual argument? And did she win again in 1983 because of the same processes magnified? She was surely helped by a divided opposition. Indeed in the circumstances it would have been rather hard to lose.

This is not a book for the subtle. Its cause is the greater freedom of information, which has become a catch-phrase of the 1980s just as in earlier decades people talked about "the stagnant society" and asked: "What's wrong with Britain?" No journalist would oppose it.

Yet it is worth asking how much difference reform would make. The problem for the journalist is not that there is too little information but that there is already so much: see, for example, the flow of written Parliamentary answers, the barrage of economic statistics or the hearings of the Sizewell inquiry. The difficulty is to assimilate it all and to decide what is or is not a story.

The trio of authors quote three case histories of stories missed because of official secrecy: the development of the British A-bomb, the beginnings of coloured immigration after the war and the devaluation of sterling in 1949. Yet at least some inkling of all of them could have been given if the journalists of the time had been astute enough.

The conclusions that I draw are that journalists are too deferential and make inadequate use of information already published. Also fundamental change will come only from a rebellion in the House of Commons. Only Parliament can abolish the Official Secrets Act and Parliament can only elicit more information if its Members begin to defy the Whips. At present the Whips are supreme and Parliament, including the Select Committees, is supine. It feeds off the press rather than the other way round.

The book includes some nice quotes — the editor of The Times complaining to the Prime Minister about the arrangements to cover the Falklands: "You can't have a war without The Times being there." And Mr (now Viscount) Whitelaw: "You must not prejudge the past." If he really said that, it is an exceptionally wise remark. It means don't judge the past by the standards of the present. The authors think it was a howler.

In short — through the fog and into the world

I Meant to Marry Him: A Personal Memoir
by Jean MacGibbon. Victor Gollancz. £10.95. 182 pages

In 1936 Jean MacGibbon rang the Truby King Mothercraft Training Centre and said: "I believe you run a six-week course in looking after babies. Can I send my maid along?" "Why don't you come yourself," was the restrained reply. Such an anecdote, told against herself, is typical of this autobiography.

Under her maiden name of Howard, she had seemed a promising young writer in the 1930s and had had a novel published in 1945. This memoir of her childhood and early married life shows her writer's gift for re-creating the past. We are treated to tantalising glimpses of a vanished way of life. Memories of accompanying her pianist mother through the London fog to concert parties where Dame Clara Butt sang; of shopping with her grandmother in Weybridge where they sat in the car while the tradesmen came out to take their orders; of belonging to the Communist Party in the 1930s, for whom she delivered the Daily Worker around the local council estate — using her Harrods pram to carry them.

Yet while the scenes are described with charm and humour, her own personality remains obstinately quirky and ends her story when the second world war begins and at the end of the war she had a massive nervous breakdown. One senses in her memories of herself, especially those of her childhood, the troubled beginnings of her later problems. Not an easy book to write I would think, but fortunately an easy one to read.

VALERY McCONNELL

Oxford Type
The Best of Isis
Edited by Andrew Billen and Mark Skipworth. Robson Books. £8.95. 202 pages

"Today they are in the forefront of the public eye, politicians, broadcasters, writers — Britain's articulate élite. They came from different backgrounds but for three years shared one formative experience. It was called Oxford and from it they clambered to the top."

This is an announcement of an anthology of Oxford undergraduate writings at its most predictable; nostalgically stirring and trembling with sentiment—real movietone newsreel stuff. But it is what Oxford—or "Oxford"—is all about. As the blurb indicates, Oxford is seen as some universal springboard, the implication being that from such a starting point, it can be only the merest hop to the top.

In this specific sense, the ence is a modern one. When being a member of the ruling class was a prerequisite for admission to the University, external confirmation of privilege was superfluous; élitism was taken for granted. Now it is a saleable asset: the television serialisation of *Brideshead Revisited* and the film (native produce) *Privileged* indicate precisely what sort of Oxford is being sold.

Commendably, few of the contributors here pander to this—now much focused on—aspect. *The Best of Isis* includes a Belloc parody; a piece on oratory and statesmanship from Michael Foot, with an invocation to politicians to appeal to the imagination; and "Free Speech Comes Second," a splendidly muscular piece of young journalism from William Rees-Mogg.

The editors have been pleasantly eclectic (sympathy is due, perhaps, to Shirley Williams for this quotation: "In these butterfly-winged days Oxford recalls the minuets of its past in the sambas of its present"). The emphasis is shared between journalism and creative writing, the latter including stories by Auberon Waugh, Christopher Ricks and Miles Kington, and poetry by Elizabeth Jennings, George MacBeth and John Fuller. Phoenix-like, the proceeds of the book will go into the now only just surviving *Isis*.

The Trials of Israel Lipski: A true story of a Victorian murder in the East End of London
by Martin L. Friedland. Macmillan. £8.95, 219 pages

The murder took place in the East End one June morning in 1887. Miriam Angel was found dead at 16 Batty Street, a side street off the Commercial Road. Miriam and her husband Isaac had, 10 months before, arrived from Warsaw.

Their fellow lodger, Israel Lipski (no relation), had been smuggled out of Poland to avoid military service in the Tsarist Army. He was a stick-maker, that is to say he made sticks for the umbrella trade and was about to set up in business for himself.

Miriam Angel, five months pregnant, was found dead in her room. There was yellow froth round her mouth; she had swallowed nitric acid. Lipski was found under a bed in the same room, which was locked on the inside. He too had taken nitric acid but was revived and was taken to the London Hospital, through a hostile crowd. The news of the crime had spread with remarkable speed.

In due course Lipski was charged with the murder, which he denied.

At the end of July, Lipski appeared at the Old Bailey James Stephen, a distinguished criminal lawyer. For the prosecution appeared Harry Poland and Charles Matthews; Lipski was defended by A. J. McIntyre, QC "a sound commercial lawyer," in the absence of the brilliant but erratic Gerald Geoghegan who had perhaps been drinking too heavily to handle the case.

After two days, Lipski was found guilty and was sentenced to death. One might indeed have thought it was an "open and shut case." The jury seem to have accepted the judge's view—that murder had been committed in an attempt at rape, and had been followed by an attempt at suicide.

That would probably have been the end of the matter if it had not been for Lipski's solicitor, John Hayward who, convinced of his client's innocence, stirred up an agitation for a reprieve among the public, Jewish and Gentile alike. The Home Secretary became involved; Queen Victoria herself was worried lest an injustice was being done to this obscure immigrant from Poland. Stephen went through agonies of doubt; jurors begged for a commutation. Seeing a topic made to measure for him, Stead, the journalist, contributed his thunder. Lawyers with some reason, complained of "trial" by newspapers.

Professor Friedland "thinks" that Lipski did not have a fair trial. But the main impression left on the reader's mind is one troubled minds of those who took part in the trial. A vivid picture is painted here of a vanished slummy London and of the morals of a bygone age.

GEORGE MALCOLM THOMSON

A Historian and His World: A Life Christopher Dawson 1889-1970
by Christina Scott. Sheed & Ward, £15.00. 240 pages

The broad historical canvas, which takes in the whole of world history, is out of fashion. The demolition work done by Hugh Trevor-Roper (as he then was) on the synthesis compounded by Arnold Toynbee has given "meta-history" a bad name. The books of that lucid, penetrating meta-historian, Christopher Dawson have suffered in consequence. Admired by T. S. Eliot and fashionable with intellectuals before the war, they are now neglected here, though not in Catholic academic circles in America. This thoughtful and well-researched life of Dawson by his daughter should prompt a revaluation of *Progress and Religion*, *The Making of Europe* (and the rest of Dawson's works.) Mrs Scott discusses her father's conversion to the Catholic Church, his great friendship with E. I. Watkin, his chronic invalidism, his 14 years in the wilderness before he made his reputation. We are left with a finished portrait of a humane scholar and a quietly impressive man.

LEISURE

Edmund Penning-Rowsell on some Italian wines trying to improve their image

Piedmontese vintages are beginning to be recognised

THE ITALIAN system of *Denominazione di Origine Controllata*, largely based on the French Appellation Contrôlée precedent, is 21 years old this year, and there are over 200 DOC wines: the number is still increasing. The summit of the system, as set forth in 1963, is a top classification of "*Garantita*": DOCG. The first of these was promulgated last year: the Vino Nobile di Montepulciano of Tuscany.

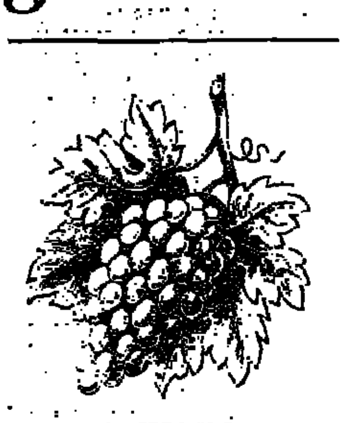
This was a somewhat surprising "first," since it has never seemed an exceptional wine; the nobility deriving more from the former owners than from the wine itself, a good, fruity Chianti-style product, made from the same grape, the Sangiovese. But then I have never seen why such a fuss is commonly made over that other Tuscan Sangiovese wine, Brunello di Montelcino, which is to be awarded the *Garantita* status next year. (Lest one be accused of undue francophilism, it should be said that the same incomprehension applies to certain written-up, priced up *Appellation Contrôlée* wines.)

Another wine allegedly in the offing for this top rank is Chianti, but if under existing conditions, this is accorded a wine with such an immense, irregular-quality production—about 1.2m hl a year—it can only serve to discredit the newly-introduced DOCG status.

I have just visited two small districts whose two top red wines have achieved the Garantita rank this March: the Piedmontese Barolo and Barbaresco. Made from the same grape, the Nebbiolo, they run so much together that they are almost twins: though not identical ones. When well produced, however, they have undoubted claims to distinction, and total output is small. In 1983 it was above average, at 73,000 hl and 29,000 hl respectively. The previous year it was only 56,000 hl and 23,000 hl.

What does this top classification involve? The lower, DOC, level already implies the use *of only certain stipulated* grape varieties; production within a delimited area in the traditional manner; specified conditions of maturing and the alcoholic strength stated on the label. The Garantita class for Barolo and Barbaresco means additionally a special tasting by a committee appointed by the Chamber of Commerce of Cuneo, the province in which the two wines are produced.

This tasting takes place when Barolo is three years old and Barbaresco is two. The former must then have been *matured in wood for at least* two years, the latter for one year. (It was interesting to see in the cellars of the leading



WINES

Barbaresco house of Gaja lines of small new French oak casks, as used in Burgundy, acquired experimentally for the 1983 vintage in place of the traditional large slovenian oak vats, holding hundreds of litres apiece.)

If the grower sells his wine in bulk as many do, rather than bottle it himself, a further tasting is called for. Under the DOCG regulations, a Barolo Reserva must be five years old, a Barbaresco one four years. If the wine is approved then the filled bottle-neck is capped by a numbered red label, issued by the Ministry of Agriculture.

Although these two DOCG's have only been announced this year, the Barolo growers may back-date their wines to the 1977 vintage, the Barbaresco ones to 1979, provided of course, that the wines are tasted anew. So anyone who sees bottles of these earlier vintages bearing the red label should not jump to the conclusion that this was premature and fraudulent. But such back-dating is entirely voluntary.

These wines are made in two very firmly delimited areas: *Barolo in the valley of that* name south-east of the town of Alba, and Barbaresco in a small area of four communes to the *east and north-east of Alba*. It is very much small-grower country. The Barolo area runs to about 1,200 ha, cultivated by 1,260 growers, and the Barbaresco vineyards cover 500 ha, worked by almost 500 producers. Put another way, about 7m bottles of Barolo and 3m of Barbaresco are produced each yaer.

When determining the DOCG regulations, the authorities were presented with the problem of where the wines should be matured and bottled, for some firms, well known for their wines, had their cellars outside the delimited area. So a compromise was reached. Those houses that before 1960 had done the maturing and bottling outside this area were allowed to continue to do so, but new firms had to do the whole job within the two production districts. The former includes such well-known concerns as Bersano, Calissano, Contratto and Prunotto.

How to describe these pre-eminent Italian red wines? They are deep in colour, have a strong fruity bouquet with the tannin evident in most wines of at least five to six years old, a fairly high alcoholic strength and a strong tannic flavour. It *cannot be denied* that to those of us brought up on French wines they present some difficulties. When young, as mostly *available, they have an austerity* that dries the mouth, and they can appear aggressive. On the other hand, I tasted on the *spot examples of such famous* vintages as 1971 and 1964 that were well rounded, velvety and of considerable distinction. Could one say, something between a fine Côte d'Or and a leading Rhône?

The leading post-war vintages are: '47, '52, '55, '58, '61, '64, '71, '74, '78 and '82. The best years that one is likely to be able to find now for current drinking are '71 and '74.

Although the Barolioni are proud to describe the wine as "the king of wines," in the region itself the lighter more "feminine" Barbaresco is often *preferred* — if that sexist term be permitted. It tends not to last so long, although a '64 from Gaja, though distinctly brown*tinged* was beautifully round, sweet and complete in flavour. It is commonly stated that these wines need opening well in advance: up to 24 hours. But I did not find this favoured by the growers I visited, though decanting was usually recommended.

It is not possible here to provide a "safe" list of reliable producers, because I was told that this would vary from year to year. Burton Anderson in his excellent *Vino* lists 40 Barolo growers and 21 Barbaresco ones. Many produce both, some only from their own grapes, others supplemented by grapes bought on a regular basis from other growers. Among growers whose wines I drank on the spot or that were particularly recommended, the *following can be mentioned:* Bruno Giacosa, Ceretto (Barolo only), Cigliutti, Franco-Fiorina, Gaja (Barbaresco only), Glicine, Mascarello, Pio Cesare, Produttori di Barbaresco (Barbaresco only), Ratti, Rinaldi and Valfieri. Doubtless, however, there are many others, and in the castle of Costigliole d'Asti there is a fine *enotica*, containing for tasting and sale, all the leading Piedmontese wines.

Axeman—spare that tree

GARDENING

ARTHUR HELLYER

IN GARDENING nothing is certain. The most time honoured practices come under question and are often proved to be incorrect. At the moment, *it is the tree surgeons who are* under fire. Generations of foresters, arboriculturists and gardeners have been taught that whenever a branch had to be removed from a tree it should be cut close to the main branch or trunk from which it grew. No snags, not even if they were only an inch or so long, must be left because there would be no leaves to draw sap through them and so they would certainly die and the decay so started might pass back into the tree and do a great deal of damage.

It seemed reasonable, everybody followed this advice and no one, to my knowledge, paused to consider whether it was really borne out by results. Nobody, that is, until the last few years but already, it would seem, many leading tree *surgeons are convinced that* close pruning is against nature and is wrong.

Take a close look at any tree and you will notice that, where one branch joins another or is attached to the main trunk, there is a slight thickening as if the bark of the parent trunk or branch had spread a little way over the bark of the subsidiary branch. Tree surgeons now give this a name. They call it the branch bark ridge and a particularly thick part of it which may, but does not always, appear close to the junction they call the branch collar. Within this branch collar is an active zone that resists infection spreading from one branch *into another* or into the trunk.

Tree surgeons now say that when a branch begins to die this branch collar usually begins to enlarge. By the time decay has proceeded sufficiently far for the branch to be blown out by wind or pulled out by its own weight maybe increased by snow or water, it is at the level of the branch collar that it will normally part and by then the protective process will already have commenced. The branch bark ridge will remain as a short cone which will quickly heal over and any dead *material remaining within* it will be effectively sealed from the rest of the tree.

According to this interpretation of events flush cutting of branches removes both the bark branch ridge and the branch collar, so depriving the tree of its natural means of protection. Wound dressings will have little or no effect on already decaying wood and will only for a short time delay further infections from outside. The only sensible measure is to allow the tree to retain its own protective device and make every lopping *cut beyond the branch collar* or, if this cannot be identified clearly, a little further out at the end of the bark branch *ridge. The result may not at* first look as neat as flush cutting but in the end it will be much more sightly since it will eliminate the risk of decay, cracks and cavities.

As may already have been gathered the advocates of these *new methods of pruning* are not very impressed by tree wound dressings. Dr Alex Shigo of the Northeastern Forest Experiment Station, Durham, New Hampshire, U.S., who is a leading authority on these matters, sums it up by saying that dressings, like paint, serve only cosmetic purposes and that, if proper pruning cuts are made, there will be no need for a dressing so far as the health of the tree is concerned. I believe many good tree surgeons continue to use wound dressings because their employers, often public authorities, expect them to do so and send their inspectors around to make certain that all large pruning wounds are completely covered.

But of course not everyone will agree with these new ideas. Almost at the same time that I received some papers prepared by Dr Shigo I was also sent a whole series of reports on *Trichoderma viride, a micro-parasite* which is said to be capable of controlling various fungal diseases of trees and shrubs including silver leaf, honey fungus, white pocket rot (heterobasidion) and Dutch elm disease and also of preventing infection of tree wounds.

Experimental work with trichoderma has been going on for at least 15 years in various places including the Long Ashton Research Station, University of Bristol and the Forestry Commission Research Station and the organism has also been used by the agricultural department of the States of Jersey. Mr Philip Peree, who is in charge of Dutch elm disease *control in Jersey, has* used trichoderma in an attempt to curb the disease after the policy of felling all infected trees was abandoned last year.

One of the reports I have concerns work by Dr P. C. Mercer on the use of a wetable powder containing Trichoderma viride on tree wounds. He describes it as the most effective micro-organism tried for this purpose. In one experiment, continued over a two year period, fungi were found in only two wounds that had been treated with trichoderma but in thirteen untreated wounds. He agrees that *chemical wound* dressings are not very satisfactory though he thinks that bitumen and latex compounds *improve callus growth*, and therefore rate of healing, but are not effective in checking the spread of wood rot.

For Dutch elm disease, honey fungus, silver leaf and white pocket rot (a very common but seldom discussed disease of trees) trichoderma is used in pellet form, the pellets inserted in holes drilled in the trunk. Various sizes of pellets are available suitable for trees of differing age and girth. I do not find the statistics I have seen particularly convincing but clearly the treatment is creating a lot of interest

In a Blackpool trial on 1975 elm trees, 17 control trees that received no treatment became infected with Dutch elm disease but only three trees treated with trichoderma. A Tyne and Weir experiment on 800 elm trees was less successful 25 control *trees and 24 treated trees* becoming infected but three other trees, already known to be infected with Dutch elm disease before treatment commenced, showed no increase of symptoms during 1982 though a fourth untreated infected tree deteriorated greatly.

Anyone seeking further information should get in touch with the Henry Doubleday Research Association, Convent Lane, Braintree, Essex which markets Trichoderma viride under the trade name Binal T. The treatment is not cheap. 50g of wettable powder, sufficient to make 5 litres of wound "paint," costs £16 and a jar of 300 Jumbo size (8 mm) pellets costs £59.50. Treatment with pellets appears *to work out at between £5 and* £15 per tree according to size.

Perhaps the final word can be left to Dr Shigo. "When the tree's vigour is low and the injuries are severe the advantage tips towards the invading micro-organisms. When the tree's vigour is high and the injuries are minor the advantage tips towards the tree." He is writing about wound infections but I think much the same applies to all infections however acquired.

Hugh Routledge

John Beattie, freelance tree surgeon attending to one of Westminster Council's many planes in Maida Vale. This high from the ground is not recommended for the amateur gardener

British style in delftware

COLLECTING

JANET MARSH

DELFTWARE—the peculiarly *British style of the* tin-glazed earthenware that manifested itself in Europe as maiolica and faience—is one of the most appealing and rewarding areas of our native pottery. Yet though it has been enthusiastically collected for more than a hundred years and attracted some distinguished scholarship, very much about its history and manufacture still remains shrouded in mystery: even the names of the potters who made it are for the most part unknown.

The collector seeking to assign a date or provenance to a piece of delftware has till now found himself navigating largely uncharted seas, with a bare *minimum of landmarks to keep* him on course. Louis L. Lipski's *magnum opus*, published posthumously and baldly titled "Dated English Deltware," *now* arrives like a new Mercator.

Louis Lipski was a Pole, born in 1914 in Warsaw, where he trained as an architect. He seems to have inherited his scientific temperament from his father, a chemist, and his appreciation of works of art from his mother who was an amateur painter. When war *broke out* in 1939 he was on holiday in England, and, unable to return, was obliged to make this country his home. His interest in deltware began when he was working on the repair of bomb-damaged house, in which he occasionally discovered and *rescued old tiles.*

He began to collect in earnest in the 1940s, when fine quality delftware was still relatively plentiful and cheap: after his death in 1979 his huge collection was dispersed through a series of notable sales at Sothebys.

From the start Lipski was principally interested in finding pieces inscribed with dates. Eventually he dedicated himself to recording every known piece of dated delftware in public or private collections. I must now confess that when I used to meet this reserved, somewhat *chilly scholar with his* notebook at the ready in pursuit of his beloved dates, I was inclined to regard his enterprise *as merely obsessive and* unproductive. In the event I am forced to eat what ever words I may have uttered to this effect: Lipski's "Dated English Delftware" must be reckoned an outstanding contribution to ceramic literature and scholar*ship.*

This monumental volume is, amazingly, only one section of a great encyclopaedia of English delftware *which Lipski intended* —though it is the only part which was near completion at his death. Lipski's manuscript has been *sympathetically edited* and industriously augmented by another notable scholar, Michael Archer of the Victoria and Albert Museum.

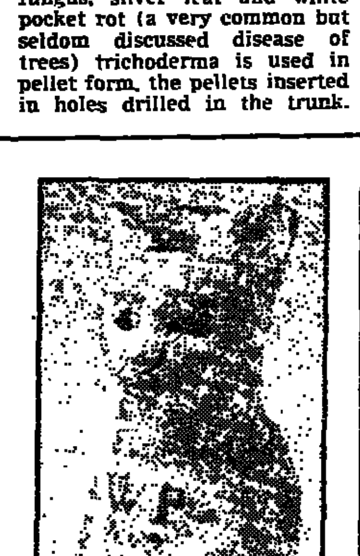
The method adopted by Lipski and Archer is admirably rational: they *have simply* assembled photographs and specifications of every dated piece they could discover—upwards of 1,800 from all over the world—and arranged them by types, in chronological order of date. Thus, for example, the first section presents over 700 chargers, dishes and plates, ranging in date from the earliest known dated charger, of 1602, to a late plate inscribed exactly 200 years later.

This simple arrangement definitively demonstrates that in many — indeed most — respects, fashions in ceramic manufacture and design were as ephemeral and as readily identifiable as styles in women's costume. In consequence, even anonymous objects like plates or bowls which hitherto would have been rather vaguely categorised as early or *late* century can, by reference to comparative types in Lipski, frequently be assigned with *confidence to a much narrower* dating range. The known dated examples of the enchanting and witty jugs in the form of seated cats of the type illustrated here, for instance, all turn out to have been made in the nineteen years between 1957 and 1676; and even within that short period the dates reveal a definable revolution.

This new tool for dating is *specially significant*, since delftware, of all forms of indigenous ceramics, is the one that provides most evidence for our *social history*; and Robert J. Charleston contributes an important prefatory essay on "The Social Background of English Delftware." He *shows* how this attractively decorated ware gradually usurped metal and wood on the English dining *table; and how the growing* refinement of manners in the age of the first Elizabeth was reflected in the proliferation of more sophisticated *articles of* table service.

In particular delftware records the changing drinking habits of our ancestors, as the globular wine cups of the Tudors give place to the caudle cups and posset pots devised for the fancier brews of the seventeenth century and supplanted in turn by the punch bowls of the eighteenth.

For more than two centuries the apothecaries too were loyal customers of the delftware pot-



English delftware pot, Battersea, 1669

ters, and the inscriptions on *containers supplied for their* use provide a comprehensive pharmacoepia of the period. The Lipski volume provides elucidation of *all these inscriptions*, with the formulae for such fearful medicaments as Lohoch of Foxes Lungs and the Universal Purge. A further essay, by M. K. Stammers, demonstrates the importance of the extensive service of bowls decorated in Liverpool, to commemorate ships sailing from that city, as evidence of naval architecture of the period.

"Dated English Delftware" is published in a limited edition of 1000 by Sotheby Publications.

At one hundred pounds the price may seem high; but in terms of the sheer bulk of research materials assembled for the first time and within one cover it represents real value for money to the serious collector or dealer.

Foxes and lambs don't go together

COUNTRY NOTES

JOHN CHERRINGTON

MY BLOOD does not often boil but while watching television the other evening I nearly exploded. The item concerned a rescue home for stray animals and among the patients being restored to health were a number of fox cubs. These had apparently been found by kindly people who, not being equipped to rear them, handed them over to the centre. They would, we were told, be turned loose eventually—where it did not specify.

I had just finished lambing *and losses from foxes had been* significant; what can possess people to add to the problem in this way passes all understanding. It is quite easy to see when a fox has taken a lamb, the ewe is visibly upset and stands about in a sort of daze. One was taken just outside my house, a good lamb about two day's old, and in broad daylight. It was one of a twin and, as all twins are numbered, its loss was immediately obvious.

Foxes are of course scavengers and will clean up afterbirth and dead lambs in the lambing field and perhaps its because we are very particular to pick up any *dead lambs that they* concentrate on live ones. Nor do they confine their attentions to weak lambs a few days old. A lorry *driver called in the other day* and told me he had seen a fox carrying quite a large lamb across a roadside field.

They usually attack *lambs in* the dark, but I shot one once in broad daylight and it was obvious that the lamb in his *mouth* had been alive a minute or so before. I have heard it said that they will gang up to attack large lambs which would *be too strong for one fox to* tackle alone. Last year I lost three lambs in one field which were found half eaten, but in this case I blamed some feral dogs which were said to be loose in a neighbouring wood.

Few people realise that one reason for the disappearance of the free range egg was the *damage caused by foxes.* A wandering hen is easy game but the real slaughter used to take place at night. I always used to *have a couple of dozen hens in* a wire enclosure close to the house. They had to be shut up in this hut every night but this *was not enough. One night a fox* dug under the floor of the hut and killed a dozen of the hens, just breaking their necks or *biting their heads off and* leaving them. It was not killing for food as the carcases were perfectly sound; it was simply *killing for the sake of it.*

They are also pretty keen on all ground nesting birds, especially pheasants and partridges either of which is easy meat to them while incubating their eggs. They will eat the eggs as well and I have often found the empty nests with the tell-tale feathers scattered around.

I have seen films on foxes living in urban surroundings, where they live by scavenging waste food and so on. As long as they stay there they do *farmers* no harm, but I am wondering if the increased numbers in the last year or two are not the pressure of excess *numbers* living in the towns. The film did not say where the cubs had been found.

SPORT

Ben Wright in New York previews the U.S. Open

Can Nicklaus win at Winged Foot?

THE U.S. OPEN championship returns to legendary Winged Foot, New York, next Thursday. And already the bleating and *moaning about* the severity of the rough on the west course by a section of the players has reached a whining crescendo *that has become something of* an annual vocal event.

In 1974, Hale Irwin won the championship at Winged Foot with a total of 287, one under par, an aggregate only exceeded twice since World War Two. At the time, there was widespread and justified condemnation of the officials of the United States Golf Asociation for "tricking up" a wonderful golf course to ridicule the world's leading players.

Since then, USGA officials have relented a little, but last *year, when Larry Nelson won* at Oakmont with an 8-under-par total of 280, there was righteous indignation about the fact that *the fairways there were so* harrow and the rough so down and tough that the driver had virtually been taken out of the bag.

Having explored Winged Foot last Thursday, I feel that USGA officials have at last reached a fairly satisfactory compromise. To me the course appears to be both very severe but eminently fair, as it should be for a major championship. Par will be a good score—again as it should be—and only the patient will survive.

This latter virtue has become *perhaps the most vital aspect* of the winner's make-up in recent years and Nelson, the defending champion, possesses *it in abundance. But of late he* has often been at odds with his putter, and Winged Foot's greens will deal cruelly with any player whose touch is not velvet-smooth.

Apart from patience and brilliant putting, however, Winged Foot will demand straight and long hitting because of recent record heavy rains throughout the area, followed by intense heat and humidity that has demanded much artificial watering just to keep the grass alive until the championship begins. At the time of *writing, there is very little run* on sodden fairways.

The name that continues to loom large in trying to put together a short list of likely winners is almost inevitably that of the 44-year-old Jack Nicklaus.

When Nicklaus drove 100 yards off line and out of bounds to the right on the 17th fairway in the final round of his own Memorial Tournament recently, he admitted later that this, "the worst shot I have hit *in 20 years, possibly ever,*" influenced him immediately to announce his retirement from competition.

But instead, when Nicklaus made a brilliant birdie three with his second ball en route to beating Andy Bean in a sudden *death play-off, only two hours* later Nicklaus was amazingly talking of winning a 20th major championship, hopefully at *Winged Foot or in the British* Open at St Andrews next month.

Nicklaus was justifiably elated by his high level of ball striking *and—believe it or not—putting* on a course that is as relentlessly demanding as a U.S. Open layout.

Can Nicklaus win at Winged Foot? I am not being in the least sentimental in replying emphatically in the affirmative. He will take an awful lot of beating.

Who might beat him? U.S. Masters champion, Ben Crenshaw fell apart to score 79 in each of his last two rounds in the Memorial. But he was in deperate need of a rest—exhausted by post-Augusta *euphoria*—and has taken two weeks off, first to go fishing in his native Texas, and then this week to tune up his dramatically improved game at Pine Valley, in nearby New Jersey, a course that will destroy all but the straightest hitters.

Crenshaw is quite simply the best putter in the world, and his incredibly popular Masters victory has done wonders for his confidence. Do not disregard "*Gentle" Ben at any price.*

Similarly, Craig Stadler is a superb putter, hits the ball with awesome power and accuracy, *but on the score of patience* leaves a lot to be desired, as anyone who has watched his pyrotechnical, self-critical tantrums can readily attest.

Greg Norman is the longest, best driver in the world, and will be all the better for his recent first victory here, in that it was his impatience to win in America that caused that eagerly anticipated triumph to be so long delayed.

Irwin, Tom Kite, *and* the much-underrated Dr Gil Morgan form a great trio to give everyone a run at least at the place *money.*

Tom Watson can never be ignored, despite his constant, somewhat neurotic search for a swing that will eliminate very wayward shots that occasionally destroy him.

Seve Baliesteros appears to be close to deciding that the American life-style is not for him, hardly the best mental attitude. My number one pick will probably surprise you con*siderably—Dr Gil Morgan.*

John Barrett reports from Paris

A French example

EXCITING THINGS are happening at the Stade Roland Garros. In that leafy corner of the 16th Arondissement in South West Paris, on the edge of the Bois de Boulgone the rulers of French *tennis are more excited about* their future than their past.

So absorbed are they about the development of the game *that they almost forget to* mention that this 54th French championships with its prize fund of $1.85m, has produced in the semi-final stages the top four ranked men in the world—McEnroe, Lendl, Connors and Wilander—and the top three women — Navratilova, Evert-Lloyd and Mandlikova plus the rank outsider Camille Benjamin, 17-year-old left hander from California.

Philippe Chatrier, who fills the dual role of president of the French Tennis Federation and of the International Tennis *Federation with commendable* skill and charm, has the faraway look of the visionary as he describes the next two-year plan that will add to the already magnificent facilities, a 40-bedroom school building, complete with study areas, a medical centre a gymnasium and changing rooms plus five semi-sunken indoor courts, to add to the three that already exist, on this 14½-acre site, and a further two all weather *outdoor courts.*

The final stage of the FFr 74m (£6.4m) French five-year development plan will cost some FFr 20m and will provide France with the most comprehensive headquarters training and tournament centre, in the world.

The new facilities will be accommodated on the newly acquired land lying immediately to the west of the original site, which was acquired in 1928 from the Stade Francais on condition that the facility would be nafter after their famous member who was flying hero of the first world ware and a nationally acclaimed rugby player.

Already for this year's championships the old football field has been transformed into nine new tennis courts, bringing the total in use to 19. This extra land was acquired from the City of Paris where the enthusiastic support for French tennis began with the original purchase in 1928.

Seven years ago, the entire *French tennis federation, moved* into new purpose-built offices under the reconstructed south stand of the centre court, so that the Roland Garros complex became the nerve centre of the entire game in France. Perhaps there are lesons here for us in Britain where the division between the All-England Club *and the LTA was one of the* barriers to progress highlighted in the Smith report four years ago.

The dynamic growth of tennis in France is well documented. In 1950 there were 53,000 members affiliated to the Federation through membership of clubs. Today there are almost 1.2m affiliated members. The number of clubs in the same period has risen from 1,140 to 7,800 and the number of courts (many of them indoors) from 3,000 to 18,000.

When last year Wannick Noah won *the title* here, the first French success since Marcel Bernard's victory in 1946, the entire nation was gripped in *an emotional fever that* stimulated further growth. The fact that Noah was the product of the French development system having been discovered in the Cameroons by Arthur Ashe when the boy was 10 years old was positive proof that the system had been designed on the right lines.

It has been no surprise therefore that despite one of the wettest meetings in recent memory the attendance records this year have been shattered.

When the gates close tomorrow, last year's figure of 236,553 will have been exceeded by approximately 8,000. Fighting one's way through the enthusiasts who, as at Wimbledon, come from all over the nation on an annual pilgrimage it has been interesting to note how young the average French fan seems to be.

Clearly the participants in the leagues which thrive competitively throughout France enjoy the chance to visit headquarters.

Yes, it has been an exciting visit and whether *McEnroe*, Connors or Lendl win a first title here, and the top prize of $131,000 or Wilander repeats his *prodigious triumph of 1982*; whether Martina Navratilova adds the £1m Grand Slam bonus to her already astronomical *earnings of more* than $6.4m seems hardly to matter.

These rewards are nothing beside the enthusiasm of *Chatrier* and his team for their visionary plans. Wimbledon and the LTA, please note.

FINANCIAL TIMES
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Saturday June 9 1984

A time for reflection

AS IF on cue for the London Economic Summit, the squall that beset the British economy a fortnight ago seems, for the time being at least, to have blown away. The Bank of England was able to surprise the markets this week with some unexpectedly good money supply figures and remove at a stroke the threat of higher interest rates.

Fears on two other economic fronts, so often in the past the stuff of Treasury nightmares—investment and the balance of payments — have also receded. The 9 per cent surge in business investment this year predicted by the Department of Trade and Industry's business intentions survey is good by any standards.

Balance of payments data released this week may also mollify fears raised by April's trade figures. Once again statisticians have revised substantially upwards Britain's surplus on invisible. The UK now has a slightly better cushion against its increasingly wobbly non-oil visible balance. This is looking sickly because, since 1981, the volume of imports has been growing about twice as fast as the volume of exports.

These mildly encouraging pointers have done little for the London equity market which ended the week in a quiet, pensive mood. There are at least four nagging worries. Will U.S. interest rates keep on climbing despite apparently slower economic growth in the second quarter? Will the Gulf war flare up again with unpleasant consequences for the oil market? Is the new, slightly unnatural, calm over the debt crisis and the stability of the U.S. banking system merely a lull before a new storm?

Headache

At home, the nagging headache remains the coal miners' strike. The threat is hard to quantify; any fund manager is likely to cringe a little before Mr Arthur Scargill's threat to carry the strike into the winter months. Such a long strike is very improbable, but a small risk exists and it is enough to deter some buyers, especially from over-seas.

In light of all this, it is perhaps surprising that the London market has held up so well. The FT-SE 100 index is still 7 per cent higher than its debut in January and the FT All Share index is bobbing around 500 — a pretty satisfactory level.

How many analysts or fund managers dared to predict in 1981 that share prices would double before 1984? The extraordinary rise of the equity market, and its relative stability in the face of some quite nasty recent threats, needs an explanation. The most plausible is the extent of the corporate sector's return to grace.

This week, for example, three very different companies declared fine results: Hanson Trust, a profit increase of 90 per cent; BP, a doubling of profits in the first quarter; and Reed International, a 58 per cent rise in profits. Such results are no longer uncommon and no longer stir the market. Indeed, finance directors are beginning to grumble that unless they can unveil a profit increase of more than 25 per cent, they are dubbed failures.

The magnitude of the corporate recovery is still underplayed. Real pre-tax returns on capital are no longer a disgrace: they were 7 per cent in 1983 and may by now have reached 9 per cent — three times their low point in 1981.

Liquidity

Trading profits have doubled since 1980 and are expected to rise about 20 per cent this year; corporate liquidity is at a six-year high; income and balance sheet gearing are very low; and the corporate sector is running a large financial surplus of about £6bn. Strong cash flow suggests that this year's ambitious capital spending can be financed without runaway bank borrowing.

The sharp recovery of profits and investment is from a low base and it is partly a natural result of the economic cycle. Nonetheless, it has been unusually strong and this reflects an unusual facet of both the recession and subsequent recovery: unemployment has gone on rising relentlessly.

This is an alarming social problem but many finance directors still stress the enormous importance of the reduction in overmanning achieved since 1980. In effect, companies have transferred to the Government the burden of supporting unproductive workers. Unemployment remains as high partly because companies, big and small, are as yet reluctant to reverse the job-cutting policies that have served them, if not the whole country, so well.

The seven economic summiteers meeting this week at least have had to admit the daunting magnitude of the unemployment problem, even if they lack a solution. Most of the summiteers agree that a vigorous attempt to unclog market mechanisms must help raise employment. However the fact remains that a really substantial reduction in Europe's unprecedented dole queues requires, as a matter of arithmetic not only freer markets, but also much faster growth—of the sort which has recently been achieved in the U.S. The dispiriting reality is that this sort of growth does not look a remote possibility for Europe.

The Lear Fan Project

The problems that just won't go away

By Peter Bruce

IT WAS hard not to be moved by the tears welling up in Moya Lear's eyes on January 1 1981 while she watched a strange looking aircraft, designed by her late husband, take to the air for the very first time at an airfield near her home in Reno, Nevada.

But the relief she felt then must seem light years away now. Development of the aircraft, the Lear Fan, is three years behind schedule, and in Belfast, where it is to be built, the spectre of the De Lorean sports car failure has risen to haunt the project.

At factories in Newtonabbey, just outside Belfast, and near Antrim, a few kilometres away, some 380 workers are preparing, not to produce the 20 Lear Fans a month they were once promised but to leave the plants until at least the beginning of winter.

Engineers at the project's testing ground in Reno, instead of working on designs of Lear Fan derivatives essential to perpetuating the line, are desperately trying to strengthen a model of the original fuselage in order to get it through a test that should have been passed two years ago.

For the Government officials in Belfast, there are obvious political dangers inherent in the Lear Fan plant closures and lay-offs announced last week. They, or their predecessors, took a risk on Lear Fan and so far—four years and more than £52m later—the gamble has failed to pay off.

The Northern Ireland Office, it appears, first came to hear about Lear Fan on November 6 1978, when a London lawyer and consultant, Michael Richardson, travelled to Belfast to sound out officials and to try and generate some interest.

The officials he saw *were* interested. The late Mr Bill Lear, one of the most brilliant post-war aero engineers in the U.S., had finished work on a revolutionary design just before his death in 1978 and asked his wife, Moya, to try to get it into production.

His design, the Lear Fan, would be built entirely of laminated layers of graphite epoxy composites — carbon fibre—and pushed along at over 400 mph by a single turbo propeller mounted in the tail. The 10-seater aircraft would fly at over 40,000 feet and consume less than half the amount of fuel used by its heavier, metal, competitors. The market seemed boundless.

Yet the officials in Belfast were also sceptical. At about the same time the De Lorean programme was presenting unexpected deliveries. "We were beginning to look gift horses in the mouth," remembers one official involved in the early Lear Fan contacts.

Nevertheless, a Deputy Secretary in the Northern Ireland Office, Mr Jimmy Park, travelled to London for a follow-up meeting at the Ulster Office on January 31 1979.

A few weeks later, on February 20, Mr Park came face to face for the first time with Learavia, the Lear family business, in the form of Samuel Auld, a director and family trustee. By then the Government was beginning to take Lear Fan seriously. For the next five months, Mr Auld remembers, the British examined the Lear Fan programme with "excruciating thoroughness."

Mr Bill Surbey, Learavia's chief engineer at the time and now a vice-president with Northrop, told the FT that "the technical evaluation that the British civil servants put together identified the schedule (of development through to production) as a risk. There was definitely a scepticism."

In July 1979, nevertheless, the new Conservative Government took out a three month option on the programme to enable further evaluation.

The British, in fact, were under great pressure. There was a desperate need to create jobs in the province and there were other groups interested in building the Lear Fan.

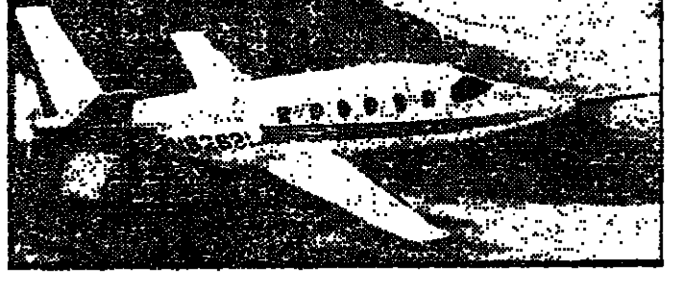
Despite the risks involved in putting money into an untried, in this case unseen, product, the Cabinet decided to go ahead. On February 14 1980, Humphrey Atkins, then Northern Ireland Secretary, announced that a final deal had been struck.

The terms were dictated largely by the Government. Lear Fan Limited, a new operating company would create up to 1,250 jobs in the province and have an aircraft in the air by the end of the year. The British also insisted that the New York securities house, Oppenheimer, establish a limited partnership, as it had done with De Lorean, and raise $30m. Oppenheimer found 200 limited partners (who would be able to write off most of their investment against tax) to put up $150,000 each in just 10 days.

For their part, the British put up some £25m (then $40m) in loans and grants, and agreed to provide a $15m bank guarantee to the company, in return for an option on 40 per cent of Lear Fan.

With hindsight it is clear that the two parties to the deal had come to the table with fundamentally different objectives—the British wanted a *production* facility to show for their money and the Americans wanted to first *develop* the aircraft. They began to operate at cross purposes.

"There were too many people white, it's the sort of thing that Bill Surbey, with the UK side wanting to put its money into production and Learavia fighting for funds to continue development work. "That's not the way things turn to black and white, its the sort of thing that greys up the issue."



The revolutionary Lear Fan aircraft

The prototype did fly in 1980, officially at least, after the UK Government stretched the deadline to "December 32." But the crucial static (ground) testing by the Federal Aviation Authority (FAA) had yet to start. Meanwhile the flying prototype had captured the imagination of the market and some 270 orders were placed in the next 18 months.

In September 1981 two Saudi enthusiasts, Prince Sultan Ibn Salman Ibn Abdulaziz, son of the Governor of Riyadh, and a colleague, a Prince Feisal, saw the Lear Fan and liked it so much they placed an order for one and followed that up soon after with an order for 30.

By then, however, certification was at least a year behind schedule. The UK operation alone had lost £15.8m by the end of 1981.

With the certification target receding rapidly, the company began a wide trawl for new financing, in both London and the U.S. They failed to find any. But there were alternatives.

Prince Sultan and Prince Feisal had also begun, early in 1982, an evaluation of the Lear Fan's prospects and so had Beechcraft, which had started work on a composite aircraft of its own under the direction of Linden Blue, Lear Fan's chief executive until April 1982. Beechcraft dropped out of the running when Mr James Prior, Atkins successor in Belfast, decided to appoint a receiver to Lear Fan while refinancing was worked out.

At the time, the Government's hand was being steadied by encouraging advice from a number of consultants, notably Morgan Stanley, the New York investment bank, which argued in late August that not too much credence should be placed on earlier reports forecasting lower sales than originally expected. The Government was urged to go ahead and do a deal with the Saudis. On September 14, a $90m package—including a new $30m tranche from the British Government—was agreed and the Saudis bought out Learavia.

The Government's option on 40 per cent of Lear Fan was converted to 5 per cent of the new holding company, Lear Fan Holdings, set up by a Denver businessman, Bob Burch, who acted for the two Saudi princes. The Saudis themselves took 85 per cent of Lear Fan Holdings, the Oppenheimer Partnership 6 per cent, Learavia 3 per cent and Moya Lear just 1 per cent.

The British also wrote off £23.2m in loans, in return for a promise of royalty payments on aircraft sales. Surprisingly, given the tenuous state of the project, the Government began to speak of doubling the Belfast jobs target to 2,800.

After the refinancing, a new certification target was set—September 1983—which Morgan Stanley had agreed, was both "reasonable and achievable," though not assured.

In fact, things began to go wrong very quickly, and not, this time, through lack of funds. In November 1982, one of the wings was being put through a static "downbending" test in Reno when the composite skin on the bottom began to buckle. In January 1983, half the 550 workers in Belfast had to be put on short time.

The wing was strengthened and easily passed further testing, but in December last year disaster struck again. This time a pressurised fuselage was being subjected to an upward bending test when two small metal brackets failed. Pressurisation inside the fuselage caused the entire structure to split in two. More than 90 workers in Belfast lost their jobs.

The fault was dealt with in another redesign but on April 19, in a downward bending test, the pressurised fuselage broke up again, destroying any hope of certification this year. All 380 workers in Belfast were then laid off.

The carbon fibre composite had proved far more difficult than Bill Lear ever imagined.

Most of the £20m that formed the British share of the refinancing has gone now. Mr Burch told journalists in Belfast last week that some £20m remained to see the Lear Fan through to certification. It will be a close run thing.

The downward bending test on the fuselage has still to be repeated (this time with a fuselage once destined to become the third flying prototype) and further static tests have to be done on the wing and fuselage combined.

But Mr Burch has set a target of July 20 for a Type Inspection Authorisation (TIA) certificate, which effectively freezes the design and will allow some of the 15 FAA test pilots currently in Reno to begin official flight tests. By November, the new management hopes to win a Type Certificate, which would actually allow it to begin selling aircraft, albeit an unpressurised version.

Some Lear Fan executives believe there might even be a market for such a model although, as one remarked: "If the owner wants to cross the Rocky Mountains then he has a problem." By January next year Mr Burch wants to have an amended Type certificate, enabling pressurised flight up to 25,000 ft with full certification to follow a month later.

For Northern Ireland, however, the problems are not likely to end with final certification. The initial agreement with Learavia made it quite clear that the Lear Fan would be built in Belfast and flown to Reno for finishing, but there is disagreement now over whether Lear Fan Holdings is under the same obligation.

A number of people close to the project fear Belfast may be maintained merely as a component supplier. That would generate nothing like the 2,800 jobs held out by the Government. (This figure has, without fanfare, been recently amended to 2,000 but still depends on full production of 12 aircraft a month.)

Mr Prior is understood to have met the Saudi investors last month, just before the lay-offs were announced and discussed the role of the Belfast plants should production get underway.

One of the factors inhibiting prospects for the Belfast plants is the lack of interest shown in the aircraft by potential European customers. Mr Burch has around 100 firm orders, none of which is believed to be British.

But if it is of any comfort to the Ulster workforce as they take their leave of their factories, the competition is still well behind. Beechcraft is reported to have run into difficulties with its Starship programme and its certification target has slipped from mid-1985 to early 1986.

The Lear Fan's other close competitor, the Avtek 400, is being produced by none other than Robert Adickes, who retired from TWA in 1980. Mr Adickes, who has won backing for his project from both U.S. and Japanese sources, says he is hoping to achieve TIA by next summer, implying full certification in about two years.

Most independent aviation experts believe that there is little question that the Lear Fan will eventually win certification from the FAA.

The Government's public display of refusing any further financing last week might be put down to an attack of the jitters in the face of jibes from bitter workers about a flop comparable to De Lorean.

But the Lear Fan project is not comparable. Firstly, the Government has ensured that it is participating in a genuine partnership with private capital and has been able to monitor the project closely from the word go. Secondly, aircraft are not mass produced and the Lear Fan is unlikely to experience the quality control problems that dogged De Lorean.

That said, however, the project still has some major hurdles to cross. When, and if, certification is received, fresh capital will still be needed to manufacture the aircraft—a problem that is currently absorbing the energies of Lear Fan executives.

Letters to the Editor

Finest fighting army

From Mr W. Mills

Sir,—Two men whose work and ability I greatly admire contribute to a misstatement of fact in the article 'Beating the finest fighting army of the war' (June 2).

In his review of Max Hastings's new book—Overlord: D-Day and the battle for Normandy 1944—Correlli Barnett quotes two erroneous statements: "the levels of divisional commander down to troop-leader, Hastings argues, the German soldier showed himself tougher, braver, more skilful and more enterprising than his Allied opposite number" and following the subject of "weaponry" "It was such weaponry in the hands of what Max Hastings calls 'the finest fighting army of the war' that led to the Allied forces being outfought again and again in the villages and hedgerows where grand strategy has its ultimate cutting edge."

Such statements are sadly mistaken. Surely facts speak for themselves? The vital left flank pivot of the invasion was held intact by the Allies, against tremendous odds during the most crucial days after the landing. If the Germans had broken through in that area the entire beachhead would have been annihilated in far less time than needed to establish it. This area on the east bank of the Orne, held by 6th Airborne Division, the Commando Brigade, 51st Highland Division and other formations is all hedgerows, bocage and villages.

There were countless examples of the superiority of the Allied soldiers, two of which can be mentioned "first hand." At Bréville, a small hamlet commanding approaches to the beachhead, the depleted 12th Parachute Battalion reinforced by men of the Devonshire Regiment dislodged a vastly bigger force and then beat off repeated attacks by formations of 12 SS Panzer Divisions in Brigade strength, despite appalling casualties.

Less than a mile away 9th Parachute Battalion reduced to around 150 men held equally stubbornly to a bocage feature, Bois du Mont, 400 yards x 400 yards. This was repeatedly attacked by armour and infantry of 12 SS Panzer Divisions, strafed by multi-barrelled mortars and it finally withstood a concentration of 15 regiments of artillery.

Numerous engagements such as these prevented a German breakthrough and enabled the invasion build-up to proceed through this vital week.

As Max Hastings implies, the men of 12th SS Panzer Division fought like veterans. The plain truth is, however, our troops fought better.

W. R. Mills.
Moorcliers,
77 Thievesdale Lane,
Worksop, Notts.

Food for the goodly

From Professor A. Bender.

Sir,—I trust that the Heavenly Father will not visit his displeasure on the Financial Times which quoted (June 2) his own angels when it continued to spread the worldly misunderstanding about cholesterol.

It is saturated fat in the diet that increases those dangerous amounts of cholesterol in the blood not dietary cholesterol. So long as he continues to provide nectar with a low content of such evil fats it does not matter if we change its formulation to include cholesterol—this may be one way of using up the EEC mountains.

(Professor) Arnold E. Bender,
2, Willow Vale,
Fetcham,
Leatherhead, Surrey.

Telecom staffing

From the Director, Corporate Personnel, British Telecom

Sir,—The statement (June 6) in a report by David Goodhart that British Telecom staff totals 230,000 and increased by 400 last year is wrong.

The last published figures (for the financial year 1982-83) show that our employees totalled 243,976. This was 6,871 less than the previous year. Our 1983-84 staff figures, when published, will show a further reduction of about the same proportion.

British Telecom's aim is to reduce its staff by 15,000 over a three year period ending next year. We are on course for this.

D. W. Porter,
2-12, Gresham Street, EC2.

Academic working hours

From Mrs J. Manser

Sir,—I was astonished (June 1) to read Mr G. N. Woodward's "adjustment" of academic salaries on the basis that teaching staff work 15-20 hours per week for nine months of the year. Uprating to a 35 hour week for 11 months, he thus inflated the value of academic salaries to two or three times what is actually paid!

Such make-believe money does not pay the bills. Try persuading your bank manager that your £15,000 salary is "really" worth £30,000. Not amusing.

What on earth gives Mr Woodward the idea that a professor works 15 hours a week for nine months only? Some years ago my husband took part in a survey to discover the allocation of time between lecturing, supervision, administration, research, etc. This involved keeping a diary of his occupation every half-hour for a typical working week in term-time and again during vacation. His week averaged well over 50 hours in term and about 40 hours out of term.

Academics do have some privileges, in particular the freedom to organise their time and pursue their chosen interests in research. Some abuse this freedom, but there are idlers in all walks of life. Most do not. They do a full-time job, often working in the evenings and at the weekend, and should be paid accordingly. It is ignorant to suggest otherwise.

(Mrs) J. E. Manser.
10 Highfield Crescent,
Southampton, Hants.

Recording angles

From the Managing Director, LHW Futures

Sir,—In your article about LHW Futures (May 3) it was suggested that LHW had made a settlement with a dissatisfied client, once confronted with tape recordings made by the client himself. This is not true, and such a case has never occurred.

We tape record all telephone conversations all day long, using a voice logging system, and we preserve the tapes.

In case of a dispute, we consult the tapes. We sometimes thereby discover mistakes to be at fault, and pay up promptly. Your article seemed to imply that we are unique in the futures industry in such an experience.

I think this demonstrates that the case you cited is an example of the company dealing promptly and fairly with clients.

John Hughes,
3/4/5, Wardrobe Place, EC4.

Bringing down unemployment

From the Managing Director, Hall and Son

Sir,—Mrs Winter (June 5) makes an excellent point regarding the employment of a nanny. It is ludicrous to expect a working mother to have to earn £6,000 gross in order to pay a nanny £55 net p.w., and it is sensible to suggest that the nanny's wage should be tax allowable.

Why stop at that? Surely all domestic employees be they gardeners, cooks, nannies or whatever should be tax deductible. There are over 20m households in the country and I imagine that perhaps one-third of them have husband and wife working so that the house, children, animals etc. are neglected during the day. If only half of these households could be persuaded to employ a tax deductible domestic it would make mincemeat of the dole queue.

Other benefits would be that children could be properly looked after—a working wife could come home to find shopping done and a meal prepared—not so many stray dogs—house less likely to be burgled, etc. etc.

The modest tax allowances would be more than offset by saving of unemployment pay and increase of NI contributions, and removing some of the cash fiddles which are undoubtedly going on.

Are you there, Mr Lawson? Don't wait for the next Budget, you might have the unemployment problem solved by then and we could all have the tax reductions you have been talking about.

F. F. Hall,
Coventry Road,
Hinckley, Leics.

Developing schools

From the Chairman, National Association of Governors and Managers

Sir,—It seems quite extraordinary that Michael Dixon could write a major article (June 2) on Sir Keith Joseph's plans for education without once mentioning the word "governors." Yet it is clear that Sir Keith himself takes the powers of governors very seriously. His proposals in the recent Green Paper (which Mr Dixon ignores) to give parents a majority on the governing body are an indication of the influence which he thinks governors could and should exert over schools.

NAGM does not agree with all the Secretary of State's initiatives, but it does endorse the view that active and well-informed governors can be a powerful instrument for change and development of our schools, as long as they represent all the interests involved in education.

Felicity Taylor,
10 Brookfield Park, NW5.

Forecasting what people want

From Mr R. J. Miller

Sir,—Prince Charles' controversial but well received condemnation of much of the work of modern architects, was followed by Colin Amery in the FT survey of the building industry (May 31) commenting on the difficulties of translating the desires of building owners and the people who have to use buildings from pictures in the head or concepts or ideas (call them what you will) into an architect's brief.

Several years ago the National Economic Development Office produced a report "Before you build" which set out, in my opinion, the absolute minimum that any client should do before getting involved with architects and contractors. Over the past 10 or 15 years a lot of work has been done in U.S. and UK to develop ways of finding out what people want from the buildings in which they are going to live and work. In the UK the University of Surrey has a whole department under Professor David Canter dealing with this field. It has studied buildings as diverse as hotels, hospitals, housing, offices and casinos, and there is no doubt that their techniques and others emerging in the U.S. can be used to much more accurately forecast what people want before owners get involved with architects and the construction industry.

It is surprising that this ability has not been seized with enthusiasm when market research for new products is standard practice.

R. J. Miller,
Pump Close,
Shilton, Oxon.

THE BRITISH MINERS' STRIKE

The importance of being Arthur

By John Lloyd, Industrial Editor

ARTHUR SCARGILL is a Socialist superstar. He is the first British revolutionary who has made an alliance with the media, principally television.

Part of that alliance — the least important part — has been deliberate. He is quite capable of donning the villain's black moustache so that the right-wing tabloids can have paroxysms, which he then excoriates. He takes care to make himself available to the cameras when he wishes to.

But more important is the Arthur Scargill who has developed over the past 10 years, a creation so large and unique that he himself has taken to referring to himself in the third person. His natural talent, personal inclinations and political history have produced a leader with strong authoritarian streaks, yet with an uncanny hold over the emotions of young miners; with a remarkable nerve, and a thirst and a genius for the dramatic and with ambitions and goals so clear and simple that few believed he was serious until, in this 14-week-old strike, he sought to realise them.

The central importance of the persona and tactics of the President of the National Union of Mineworkers resides in the way the strike has been conducted, and now, in how it is to be ended. As serious talks began yesterday in Edinburgh, the image and reality of Mr Scargill has become, in itself, *the major barrier to a settlement*. Few affect events simply because of what kind of person they are: Mr Scargill is among these few.

Television therefore loves him: *he is the best show in town*. The networks want action: Mr Scargill's young miners deliver it. They want militants *to be militant*, out in the open: he gets up on platform after *platform and screams it*. They want clear simple statements, without qualification. Arthur Scargill sits under the studio lights in his neat suits and court shoes and tells them he *wants to smash Ian MacGregor*, smash Margaret Thatcher and usher in a world of peace and co-operation. No ifs, no "there may be a few problems," no "I concede the points": but hard, clear, definite.

All this is not to say that Arthur Scargill is a phoney: the fact that he is supremely "good at" television does not mean that he tailors himself exclusively for it. It means simply that he knows in his bones how to use it, and how to avoid being used by it: he is, without doubt, serious in his aims, the more so because of his mastery of the dominant medium.

He does not act like any other union leader. Before yesterday's talks — the first serious negotiations for months, the *only hope for a peaceful settlement*, he had tried his best to intensify the strike, not (as any other union leader might have done) attempted to cool it down. He had appealed and appealed for more mass pickets at Orgreave coking plant; has got yet more paper promises of support from the left-led transport unions, added new demands to his negotiating list. "We will win," he shouts to his young men. "We will win, we will win, we will win, they chant back, unhesitatingly.

He has no time at all for most other union leaderships. He nurses the precedent of the 1926 miners' strike as though he fought it himself, believes deeply that the TUC let the miners down, wants now to show the TUC that the miners can achieve its objectives, bring down the Government, *without its aid*. "As for the TUC," he told the miners at Thursday's rally, "I get sick and tired of listening to mealy-mouthed messages." He has created his own support network in the left-led unions: they give him most financial support and have attempted—without great success—to deliver industrial support too. (How much more support he could have got by going through TUC channels is an open question: there seems to be genuine rank-and-file resistance to delivering the support which the NUM wants.)

All of this adds up to a very curious dispute indeed: highly personalised, idiosyncratically conducted, directed as much, it *sometimes seems, against* the centre right in the Labour movement as *against* the NCB and the Government, heavily reliant on the young pickets blockading plants and therefore inevitably fought out between police and pickets. It *is* Arthur's strike all right: but now his colleagues are getting worried. It is all very well being buoyed along on a sea of pickets chanting "Here we go" — but where do we end up?

In the past two to three weeks, an alternative left position has emerged, which may take on great importance as hard decisions must be made on whether the strike continues or is settled. In brief, it would substitute a strategy of seeking public support for the long-term aims of the miners to one *of simply blocking coal, fuel* and steel movement by industrial force.

Mick McGahey is its most forceful proponent. A solidly loyal Communist Mr McGahey has a *complex, even learned* view of the world. (Once in a recent discussion Mr McGahey asked Mr Scargill who first invented the idea of political commissars in an army. "Lenin," said Mr Scargill. "*No, Cromwell*," said Mr McGahey.)

McGahey believes that the public, not the miners, or the NCB, own the industry: the public must be informed of the *importance of coal*, the need for its pre-eminent position in energy policy, the need for an energy policy itself. The lobby of Parliament on Thursday was his plan: bring the miners to London, *dramatise their case*, make people think (TV, exerting its own news values, showed the battles in Parliament Square). He, and other left area leaders, think the concen*tration on picketing at Orgreave* a mistake: Socialist Worker, the smart Trotskyist paper whose members are active in the dispute, *ran* a long piece this week accusing Mr McGahey, *Jack Taylor*, the *Yorkshire* NUM president, and others of betraying the strike by not supporting Scargill's call for a blockade.

Mr McGahey and Peter Heathfield, the NUM's general secre*tary, insist that any deal will be* open and principled: but they clearly want a deal if they can get it. They insist, too, that the miners are in good heart and the strike can continue *indefinitely. But they do not say* so (as Mr Scargill does) and the Welsh leaders were said to be appalled by the effect their national President saying so would have on morale. It may be, *in the rough decisions these* men must take in the next week or so, that the McGahey/Heathfield axis may force serious consideration of a deal—possibly even getting behind a tactic of putting the deal out to their members for a decision in a ballot.

But can the NCB side give them enough to make a deal possible? Mr McGahey and Mr Heathfield cannot sue for peace at any price, and probably see no reason why they should. The Board has its own divisions: more carefully masked than those of the NUM, but significant nonetheless.

Mr MacGregor is conditioned by U.S. industrial relations practice: he likes to joke that a strike which began when he first became chairman of Amax Corporation in 1966 was *still* going on when he left in 1977. He cannot stand Mr Scargill and sees no need to defer to him. When the NUM president is rude and arrogant, he repays him *in kind*. He is convinced that the UK will benefit from cheaper energy, and that that objective must take pride of place over all others. At times, he appears puzzled that the British taxpayers, subsidising the NCB to the tune of £1bn a year, put up with the NUM, or even the NCB, at all.

Mr James Cowan, his deputy, and Mr Ned Smith, *the industrial relations director*, are British managers, in the mining industry man and boy (Smith came up from the face). They were appalled by Mr MacGregor's conduct in the first, abortive round of talks: both are used to the circumlocutions of negotiations: both are practised in keeping talks going on a slender thread.

But there appears little real difference on the fundamentals. They know they have to get demand and supply into balance —Government and Parliament have told them to. They have closed pits, made men redundant, have few illusions about Mr Scargill or the NUM. Tactical differences can be important, and they were able to convince their chairman to stay away from the first round of resumed talks—but the NUM leaders deceived themselves in believing, as they did for a time, that they had driven a wedge through the Board.

Talks continue next week and they must soon come to some sort of conclusion. The best estimation must be that the pressure, for now, is heavier on Mr Scargill and his colleagues *than it is on the Board* and the Government: but no estimate can ignore the former's genius for achieving freedom with one bound, and rewriting the ground rules for a new struggle.

Mr Scargill: revolutionary with a media alliance

The garden centre boom

'We like the nice plants and the nice profits'

By Lisa Wood

IF THE gardening industry had a Christmas season this should have been it.

But "Christmas" has not arrived. Instead of the bright sunny weather needed to propel the amateur gardener into his nearest garden centre, over most of the country it has rained.

"The weather has certainly put a damper on trade," says Mr Colin Squires, managing director of Squires of Twickenham, a *family-owned chain of four* garden centres. "The wet Whitsuntide bank holiday alone cut thousands of pounds off our turnover."

Nevertheless, he is confident that, *come the sunshine*, the crowds will again pour into his garden centres. For gardening is Britain's number one hobby, and garden centres are mong the fastest growing sectors of *an industry which, it is claimed*, will have a record £1bn turnover this year.

The Squires story mirrors that of many garden centres which have grown into fairly sizeable *family-owned* businesses from more humble beginnings as nurseries. Fifty years ago, his father David, faced with declining demand for his specialist landscaping skills, *started a small nursery*. Today his son Colin drives a Mercedes-Benz and runs a company which last year had a turnover of £2.5m.

"People in muddy boots and overalls come into my garden centre who, 50 years ago, would have employed several gardeners," says Mr Squires.

Big companies have entered the market, but surprisingly few given the growth of the industry which was worth only some £160m in the early 1970s.

"It is a difficult market," says Mr Malcolm Parkinson, marketing director of B & Q, part of the Woolworth group, and Britain's largest DIY and garden centre chain. "You never have to water a can of paint and you cannot sell a decapitated flower. Gardening centres require a great deal of expertise."

Some large companies know this only too well. Brooke Bond, for example, opened three centres in the south-east in the early 1970s. It sold them fairly rapidly. "We put our toe into the water but the centres did not make money," concedes Mr Harry Summerville, the company's financial director.

The successful major retailers are those who have applied their general retailing philosophy to the garden sector. "Multiples tend to sell the 10 *most popular house plants or* take-off segments of the market such as fertilisers and grow-bags," says Mr Squires who compensates for this price advantage by carrying a much *fuller range of products*.

Profits from garden centres operated by the major retailers are not easily broken down as few companies draw up separate totals. J. Sainsbury, which last month opened its 15th Homebase garden and home centre in Hendon, will only say: "Return on capital is in line with that of our supermarkets."

Cramphorn, based in Chelmsford is probably the largest

"100 per cent plastic—just *stick him in the garden* and the neighbours will think you can afford a gardener"

independent publicly quoted garden centre company with nine garden centres. Turnover for the full-year ending July 1983 was £11.5m with a pre-tax profit of £377,490, a margin of 3.27 per cent.

"It is the sort of return one would regard as a fair average," said Mr Alan Bacon, chairman of the company which is acquiring more centres and running down its chain of 33 High Street shops, which sell pet food as well as horticultural products.

The weather can be crucial to profitability. Cramphorn, for example made a loss of £69,595 in the first half of its 1982-83 financial year, compared with a profit of £83,779 in the same period of 1983-84.

But profit is rarely the be and end all for the traditional nurseryman turned garden centre operator. "We are not all green-fingered nurserymen sucking straws," says Mr Squires "but a lot of us like selling nice plants as much as we enjoy making nice profits."

"Job satisfaction carries a greater meaning than just making money," says Mr Richard Evans, managing director of Ruxley Manor Garden Centre, near Sidcup.

Twenty years ago his 108-year-old company grew pot plants for the wholesale trade and had a stall in Covent Garden market. Today Ruxley is big business.

Like most garden centres Ruxley Manor does not grow many of its own plants. It is more economic to buy-in from individual specialist nurseries. *These have had mixed fortunes.* Those specialising in hot house plants have been hard hit by the Dutch who have, so it is said, lower fuel prices. British growers have also blamed negotiated deals at low margin prices by major multiple stores such as M & S and Tesco.

But British nurserymen have generally been successful with outdoor shrubs and plants. Helped by the proliferation of garden centres, which provided a mass market, they have shown increasing professionalism in marketing skills. "We began to think of ourselves as a manufacturer and merchandiser of plants in the early 1960s," says Mr Adrian Bloom, joint managing director of Blooms Nurseries, Norfolk.

What revolutionised his business — and that of the industry as a whole—was the advent of the tub or pot.

Blooms adapted its methods and started growing plants and shrubs in containers in the mid-1960s. Marketing skills followed.

The container's arrival from the United States coincided with a period of rapid social change. Thousands of families were being decanted from the *inner cities to suburbia and to* new towns where homes were built on virgin ground.

Today different social changes are at work as many of those who face early retirement or redundancy sink their energies into the garden.

"It is a huge market," says Mr Parkinson, of B & Q. "In a number of locations we have outlets next to a small garden centre. They offer more exotic plants and fill the gaps in the market. Traditional small garden centres will always have a large share. Emotions come into it."

Roger Taylor

Never far away from the old votes back home

BY REGINALD DALE

Weekend Brief

As a man who sometimes seems to treat the world—*indeed life itself—as one great* big TV studio, President Ronald Reagan has had a fairly gratifying week. From the moment he set foot on Irish soil at Shannon airport last Friday, *through the Normandy beaches*, to the London summit, he has been exposed to precisely the sort of picturesque, stage-managed conditions that he handles the best.

He has hobnobbed with royalty, shed a tear at Ballyporeen, his Irish "ancestral home" and all the while maintained an image of a serene, almost monarchial world leader. *In statesmanlike fashion, he has* dispatched Mr George Shultz, his State Secretary, as an emissary to Nicaragua, reacted calmly but with concern to the downing of Iranian jets in the Gulf and called *magnanimously* for reconciliation with the Soviet Union.

It is just the note that he had hoped to strike in an election year in which his Democratic rivals are publicly and seemingly unendingly hacking away at each other's shoulder blades.

The television pictures *beamed* back home have not been all he might have wished. American TV teams in Ireland could not resist the visual temptations of their President addressing a crowd in Galway in a *sudden hailstorm, or the* colourful black balloons and degree-burning ceremonies laid on by Irish demonstrators against his Central American and nuclear policies.

But he succeeded dramatically in one of the main objectives of his helicopter descent on the Normandy beaches on Wednesday — blanketing the American *morning TV* shows with live coverage of his sentimental journey at the very moment that the feuding Democrats were trying to assess the implications of the final round of their *presidential* primaries. The White House had carefully arranged the timing of the main American events on the D-Day beaches to fit the TV schedules back home.

Mr Reagan's well-known luck first manifested itself as he alighted from Air Force One in Shannon. The sky cleared and a brief but brilliant rainbow appeared on the horizon — "Shoot that rainbow," shouted a TV man to his camera crew.

To the strains of "The Minstrel Boy to the War has gone," a beaming Mr Reagan loped down the steps with his familiar rolling gait. He moved, as he often does, as if saddle-sore after a long ride on horseback.

The 73-year-old Mr Reagan has looked a picture of apple-cheeked health throughout the past week. Chatting with American Army Ranger veterans at Pointe du Hoc Normandy, predominantly in *their 60s, he looked 10 years* younger than most of them.

In Ireland, Mr Reagan frequently became emotional, at the risk sometimes of over-doing it. On both arrival and departure he quoted the same poem: "Ireland, Oh Ireland, country of my fathers, mother of my yearning, love of all my longings, home of my heart."

But *he is a skilled performer* just about able to get away with it. At each public appearance, he took an affable shot at a phrase in faltering Irish, not always immediately understood by his listeners.

But despite the warmth of his welcome, many Irish people do not really regard Mr Reagan as one of their own—certainly *not* the way they did President John F. Kennedy a quarter of a century ago. Above all, Mr Reagan is not a Catholic, although his father was. That did not, of course, inhibit Mr Reagan from quoting copiously from JFK.

Mr Reagan is totally, some would say professionally, unashamed of his entertainment background. After a rainsodden Irish song and dance performance outside O'Farrell's pub in Ballyporeen, Mr Reagan told the villagers that he was coming on in "a very difficult spot." He should have gone on first and the entertainers "close the show," he said.

Poetry flowed *through* Mr Reagan's speeches, from Robert Frost to William Butler Yeats and even Oscar Wilde. As he often does, he made jokes—never very funny, but usually winning polite applause for the effort. "I know I can't claim to be a better Irishman than anyone here," he told the parliament in Dublin, "but I can perhaps claim to be an Irishman longer than most anyone here."

Leaving Ireland after three days, Mr Reagan confessed that he felt "such a tug" that he wanted "*to stay and laugh* some more." He admitted, however, that a "small November ceremony in America (the election) would prevent his return very soon. His travelling Press corps derided reports that his wife Nancy would come back by herself—" she wouldn't cross the road without him"— and scoffed at an Irish newspaper story that she had slipped out of the heavily guarded castle where the presidential couple were staying for a quiet pint of Guinness in the local pub.

Although the White House frequently insists that there is nothing physically wrong with Mrs Reagan, many Europeans who saw her for the first time this week were distressed by her frail, emaciated appearance.

In Normandy, Mr Reagan's sentimentality struck a more sombre note as he toured the "sacred soil" of the American cemetery at Omaha Beach and the sites of historic battles. At the time of the invasion itself, Mr Reagan was making films for the U.S. Air Force in Hollywood and one veteran, rather unkindly, greeted him with the comment "You're 40 years too late."

But Mr Reagan rose to the occasion with a couple of eloquent speeches that seemed to match the solemnity of the moment for American, if not *European, audiences. (Euro*peans often seem to forget that he is not primarily talking to them.) At the Pointe du Hoc—the scene of the most famous cliff assault in American military history—Mr Reagan produced another of the "unsung American heroes" he so likes to parade on television back home.

This time it was Private First Class Peter Robert Zanatta, of the 37th Engineer Combat Battalion, who was in the first assault wave to hit the deadly fire on Omaha beach. Mr Reagan dwelt on the "heart-rending story" told by Private Zanatta's daughter of how her father had died of cancer eight years ago and she was that day fulfilling his lifelong promise to return to the beach. "We are free. These things were worth fighting and dying for," said Mr Reagan.

Mr Reagan is usually overcome by slight awkwardness in the presence of real royalty, and it showed again when he joined the crowned heads of Britain, the Netherlands, Norway and Belgium for the colourful military ceremony at Utah beach in gentle evening sunshine. That did not stop him from making a beeline for the Queen, clad in dignified pale lime green, at every possible moment.

Mr Reagan loves pageantry and he has had plenty of it in London—the marching band of the Coldstream Guards, motorcades to Buckingham Palace and receptions in other royal residences. Progressing through Ireland and Normandy more in his role of head of state, for the past two days in London he has been head of government too, leading his country's summit delegation.

But Mr Reagan does not really like government—he won the presidency, after all, campaigning against it. He is not spending the summit discussing the intricacies of interest rates and international debt—technical issues that he believes to be much better left to subordinates. Americans would on the whole tend to agree.

Enough for him that the summit should show that in three-and-a-half years his partners have gradually come round to his free market economic philosophy and endorsed his "negotiate from strength" approach to the Soviet Union. By yesterday, he seemed to be having his way.

It may not have made for a dramatic news story. But it looked a good deal better, in the eyes of his political advisers, than the latest episodes in the long-running Hart-Mondale show back home.

BUILDING SOCIETY RATES

	Share a.cs %	Sub'pn shares %	Others %	
Abbey National	6.25	7.25	7.25	Seven Day Account
			7.75	Higher Interest acc. 90 days' notice or charge
			5.00-6.50	Cheque-Save
Aid to Thrift	7.50	—	—	Easy withdrawal, no penalty
Alliance	6.25	7.25	7.25	Monthly income—1 months' notice
			7.50	28 dys' not 1m wdl 28 dys' pen if bal undr £10,000
			7.25	7 days' notice. No interest penalty
Anglia	6.25	7.25	7.75	3 year Bond. No notice. 3 months' penalty
			7.50	Capital Share. No notice. 1 month's penalty
			7.25	7 days' notice. No interest penalty
Birmingham and Bridgwater	6.25	7.75	7.25	5 days' notice or 20 days' int. pen. £500 min.
			7.75	Guaranteed fixed rate. 12 months. £500 min.
Bradford and Bingley	6.25	7.50	7.50	On demand, no penalty
			8.09	*High yield SAYE 7 year lump sum scheme*
Britannia	6.25	7.25	7.25	7 days' notice. 7.50 28 days' notice
Cardiff	7.25	7.75	*7.50*	Share Account balance £10,000 and over
Catholic	6.50	7.50	7.75	@ £5001 +. Monthly int. Extra Share
Century (Edinburgh)	7.75	—	8.75	Variable. 8.85 Permanent 2%3 years
Chelsea	6.25	7.25	8.10	3 years, immediate withdrawal interest pen
Cheltenham and Gloucester	6.25	7.25	7.50	Gold account £1,000 +. No notice. No penalties Monthly int £5,000 + 7.76 if added to account
Citizens Regency	6.50	8.00	7.40	Plus account no penalty. Double option 7.50
City of London (The)	6.50	7.25	8.00	6 months' notice—no penalty during notice
Derbyshire	6.25	7.50	8.00	7.25 1 months' not., 6.75-7.60 3 months' notice
Gateway	6.25	7.25	7.25	*£1,000+ Gold Star no notice. no penalties*
Greenwich	6.25	7.50	7.25-7.50	subject to bal./7 days' notice
Guardian	6.50	—	7.75	3 months' £1,000 minimum
Halifax	6.25	7.25	7.25	7-day Xtra, 7 days' notice, no penalty
			7.50	28-day Xtra, 28 days' notice, no penalty
			7.75	90-day Xtra, 90 days' notice, no penalty
Heart of England	6.25	7.50	7.25	5-day notice. 7.25 Flexi-Term
Hemel Hempstead	6.25	7.50	7.75	3 years 7.60 28 days, 7.35 over £5,000
Hendon	7.25	—	7.75	3 months
Lambeth	6.40	7.50	8.05	28 days' plus loss of interest 7.25 3 months'
Leamington Spa	6.35	—	7.50	Spa Income, monthly no notice no penalty *7.75 Lton 30 days' notice or pen £1,000 min*
Leeds and Holbeck	6.25	8.00	7.75	Monthly interest 7.75 1 mth., notice or pen.
Leeds Permanent	6.25	7.25	7.50	Ex. Int. £500 min. 28 days' notice/penalty
Leicester	6.25	7.25	8.00	compounded, 3 years, 7.50 28 days' notice
London Permanent	6.75	—	7.75	1-year term. Imm. wdl. with loss of 1% bonus
Midshires	6.25	7.75	7.75	3-yr term with 0.5 bonus on mat'y if reinv'td.
Mornington	7.50	7.50	—	Immediate withdrawals—no penalty
National Counties	†6.55	7.55	7.80	1 month notice (no penalty), £1,000+
National and Provincial	6.25	7.25	7.50	1 month's notice or immediate and interest loss
Nationwide	6.25	7.25	7.75	Capital Bonds, 3 yrs., 90 days' notice/penalty
			7.50	Super Bonus Account, 60 days' notice/penalty
			7.25	Bonus—7 Accounts, 7 days' notice/penalty
Newcastle	6.25	7.50	7.75	90 days' notice, or on demand with penalty
			7.25	28 days' notice or on demand with penalty
Northern Rock	6.25	7.50	7.50	Moneyspinner plus, 7 days' notice wdl. No pen. min. invest £10,000
			7.25	On invests. *£1,000-£9,999*
Norwich	6.25	7.50	7.50	City Acc. Immed. withdrls. with no penalty
Paddington	6.75	8.25	7.75	1 mth's not. or 1 mth's int. loss on sums wdn.
Peckham	7.00	—	7.50	7 days, 8.0 3 months
Portman	6.25	7.75	7.75	Two months' notice, 7.25 no notice
Portsmouth	*6.55*	*8.05*	*8.40*	*5 years', 8.00 6 months', 7.75 3 months'*
Property Owners	6.75	8.00	7.75	7 days, 7.85 28 days, 8.10 6 mths', 7.50 mthly inc
Scarborough	6.25	7.50	7.25	Money Care and Free Life Insurance
Skipton	6.25	7.50	7.75	Sovereign £10,000+, 7.50 £5,000+, 7.25 £1,000 +. No Penalty. No Notice Mthly Income
Stroud	6.25	7.50	7.85	*3 mths', 7.60 £10,000+ no penalty*, no notice
Sussex County	6.25	8.00	7.25	7 days' notice, 7.50 SxSh. 6.50 Sh a/c £2,500+
Sussex Mutual	6.50	8.00	7.75	Monthly income at 1 month's notice
Thrift	7.15	—	8.15	3-year term. Other accounts available
Town and Country	6.25	7.25	7.75	3 yrs' ½ yrly. int. Monthly income wdl facility
			7.50	*7 days' notice no interest penalty*. ½ yrly int.
Wessex	7.60	—	—	No notice. No penalties
Woolwich	6.25	7.25	7.25	7 days' notice
			7.50	28 days' notice or on demand (interest pen.)
Yorkshire	6.25	7.25	7.75	Diamond key, 60 days' penalty or 28 days' notice without penalty

All these rates are after basic rate tax liability has been settled on behalf of the investor.

Rising costs and lower demand hit Tomkinsons profits

Tomkinsons, Kidderminster-based carpet maker and spinner, showed a fall in pre-tax profits from £432,000 to £72,000 in the six months to March 31 1984. Mr J. Lancaster, the chairman, says the result was below expectations compared with last year's rather exceptional figures.

Explaining the profits reduction, he says the economic recovery slowed in the months up to the end of March, as the fall in consumer spending hit demand.

Other factors were substantially higher raw material prices resulting from a weaker pound, and a larger than usual rise in wages — agreed at national level — following a dispute which hit most members of the industry as well as the company.

However, there has been some increase in consumer spending since the end of March, while exports and demand for contract carpet are showing signs of improvement.

Turnover for the six months slipped marginally from £7.06m to £6.99m.

Last year, the company reported pre-tax profits up from £666,000 to £908,000 and paid a single dividend of 5p (4.2p) net.

● comment

A concentration on the middle to upper price range had benefited carpet manufacturer Tomkinsons in the past couple of years. But market trends have changed in the past six months. Carpet sales rose, but the consumer favoured cheaper products. The result was a decline in demand and a big drop in profits for Tomkinsons, exacerbated by the unusually steep increase in some raw material costs which account for such a large proportion of the carpet business. Tomkinson has sought to improve controls on quality and supply at its spinning facility in Wales, and, as demand shown as 1.95p (1.79p). An buoyant second half, it should be able to pass some of the increased costs onto the customer through higher prices. It could make some lost ground and perhaps make £1m pre-tax just beating last year's pre-tax profits of £413,000. The shares fell 21p to 103p on the disappointing results where they sell on a PE of just 6, on a nil tax charge.

Gill & Duffus warns of shortfall

Gill & Duffus Group, international commodity broker, yesterday warned of a shortfall in profits this year, compared with the £20.43m pre-tax in 1983. On the news, the share price fell 18p to 177p.

Speaking at the annual meeting, Mr D. C. Pearson, chairman, said that bearing in mind the volatile nature of the business, it was too early to give any positive views on the likely outcome for this year. However, having regard to the exceptionally profitable end to 1983 and to current trading activities "it would be prudent to assume that it may be difficult for the group to achieve profits which exceed those earned last year."

The chairman reported that cocoa trading so far this year had continued to be both active and profitable, particularly in the UK, although not up to the exceptional levels achieved at the end of 1983.

The markets in coffee had been very erratic. The group's involvement in this commodity was still expanding, but so far this year it had not been very profitable.

Erskine's move into other fields begins to pay dividends

MORE THAN doubled full year taxable profits and a return to the dividend list after a three year absence are announced by Erskine House.

Profits for the year to end-March 1984 rose from a restated £266,000 to £680,000 and the directors are recommending payment of a solitary final dividend of 1.5p.

About half of the profit was derived from Erskine's recently acquired copier companies, Tower Business Machines and Atlas Business Machines.

The decision to make these acquisitions "appears to be thoroughly justified," the directors say as healthy growth is continuing in regular monthly maintenance income as well as in sales of new machines.

Erskine now plans to diversify into the fields of closed circuit television and office equipment services and supplies. The directors report that the company has conditionally agreed to acquire Telesurveillance and Wilson & Co.

Telesurveillance instals and maintains a range of closed circuit television systems which are primarily used by its customers for protection against shoplifters.

Recently, Telesurveillance established an industrial division to market systems for use on industrial sites and for monitoring production processes.

Wilson supplies and services a range of office equipment both direct to customers and through two retail outlets.

In calendar 1983 Wilson achieved taxable profits of £193,000 on turnover of £1.9m, and in the first four months of 1984 management accounts show a consolidated turnover of £722,000. Telesurveillance made a profit of £37,000 in the year to end last August, but the current year's result is expected to be substantially higher.

The consideration for the acquisitions will be satisfied by an issue of an aggregate 2,991,093 new Erskine ordinary on completion, a further issue of shares later this year with a value up to £500,000, and the payment of up to £250,000 in cash in late 1985.

During the year under review, Erskine Bureaux, which operates Bureaux de Change, performed well and PPR Security Group is now producing much improved sales following a management change in the middle of the year.

Group turnover for the year amounted to £10.21m, against £6.19m, and the profit was subject to tax of £299,000 (£23,000).

Earnings per share are shown as 5.4p (4.9p).

● comment

Erskine House has already changed beyond recognition. Since taking over control in February last year, Mr Ian McGillivray, the former chief executive of Rentokil, has transformed the original bureau de change and security company through rapid acquisition — buying up a series of office equipment suppliers and a small pest control operation. The plan is to build up the office equipment network and also to expand greatly the much smaller security and environmental businesses. The latest purchases fit directly into this pattern, and future acquisitions are more than likely, though they will not (in the short term) be funded by further calls on shareholders. The common link between the businesses is that they are service-related, generating secure income from long-term contracts which provide the means to fund expansion and keep borrowings under control. Gearing is expected to run at about 30 per cent this year. Forecasting where the group will be in a year's time is like trying to hit a moving target, but the existing business, including the newly-acquired companies, should comfortably beat £1m pre-tax, putting the shares, at 90p, on a p/e of about 15, assuming a 40 per cent tax charge. A fair rating for the dynamic Mr McGillivray.

ERIC bids £19m for Cambridge Petroleum

By Ray Maughan

Energy Recovery Investment Corporation (Eric), the Luxembourg registered and listed oil and gas investment group, has used the major stake it acquired this week in Cambridge Petroleum Royalties as a platform for a bid worth £22m in equity, backed by a cash alternative of £18.75m.

The terms, which Cambridge is resisting as inadequate, are two Cambridge shares for every Eric share which, at a market price of $12.32, give a price of 440p per Cambridge share at a dollar/sterling exchange rate of $1.40.

Alternatively, Eric is offering 375p in cash for every Cambridge share.

Eric's foothold was obtained by buying 1.08m Cambridge shares at 375p per share from John Govett Investment Management, bringing its aggregate holding up to 1.13m, or 22.64 per cent of Cambridge's equity.

However, Eric plans to conserve its cash balances of some $2.5m, Mr Nicholas Cobbold, the Eric chairman and chief executive said yesterday. It is funding this stake by issuing 261,000 shares at $11.50 per share and Eric calculates that it will be capitalised at the equivalent of £8.96m post the issue.

The bid has been launched to create a "substantial oil and gas investment group with a balanced spread of royalty, investment and working interests."

Backed by the French MM Worms financial services group and a consortium of UK institutional investors, Eric has bank royalty interests in the Pier and Claymore Fields in the North Sea of 2 and 4 per cent respectively. It also has close links with the Exploration Company of Louisiana notably cross directorships, drilling interests, a 3 per cent equity stake and a $2m commitment to Louisiana's lease fund. Many of these interests match those of Cambridge.

Lowe Howard shares shunned

Almost two-thirds of Lowe Howard-Spink Campbell-Ewald shares were left with the underwriters after applications were received for only 1.26m of 3.49m shares at the minimum tender price of 185p per share.

Some City analysts had expressed concern about the five year profits record of this advertising agency as a reliable guide to future performance. It was only in September 1983 that Lowe & Howard-Spink (itself formed in 1981) merged with Wasey Campbell-Ewald, a UK firm, now part of Interpublic, a U.S. holding company. The profits record, therefore, consisted of five years from Wasey Campbell-Ewald and three years from Lowe & Howard-Spink.

Triefus

Pre-tax losses of Triefus, which markets, processes and values diamonds, leapt from £284,000 to £1.15m in 1983, in line with the board's earlier estimate of a deficit not greater than £1.3m. The dividend is cut from 0.125p to 0.05p net per 25p share.

However, after a tax credit of £134,000 (£135,000 charge) extraordinary credits of £898,000 (£334,000) and minorities, attributable losses were only a little higher at £260,000, against £242,000.

Losses per share were almost doubled from 14.82p to 29.38p.

Turnover dropped from £25.73m to £20.48m.

On May 21, Triefus shareholders approved the proposed subscription by Asahi Diamond Industrial Company and Lieber & Solow for a total of 5.2m new ordinary shares in Triefus at 37p per share cash.

The subscription has been completed and Mr A. Tanaka, the Asahi president, and Mr A. Lieber, a director of Lieber & Solow, have been appointed to the Triefus board, with Mr Tanaka as chairman.

Hunting Gibson on firm footing

THERE ARE grounds for believing that the difficulties of the past few years are behind Hunting Gibson, says Mr L. C. Hunting, the chairman, in his preliminary statement.

Though it may be another year before this recovery is fully reflected in profits, Mr Hunting says, "I look forward to the future with confidence."

He reports that in the year to end-December 1983 the company produced better than expected profits in the second half, which pushed the full year total up from £2.25m to £2.7m before tax.

The main reason for the improvement, he says, was due to the elimination of trading losses in ship-owning and ship-management services.

He adds that "EA Gibson Shipbrokers performed most creditably in a shipping market which remained depressed for the whole year; all departments within the company made a worthwhile contribution to its results."

However, he points out that neither of Hunting's service companies managed to achieve budgeted profit levels with one of them, Systemsolve, ending the year in the red.

The related companies, Hunting Petroleum Services and Hunting Lambert, both did well and achieved acceptable results in spite of extremely competitive trading conditions.

The final dividend is being held at 4p for an unchanged total of 6p, with earnings per share at 19.81p (19.83p).

Group turnover of both continuing and discontinued activities totalled £14.11m (£14.82m). Tax took £788,000 (£1.13m) and there were extraordinary credits of £349,000 (debits £5.75m).

Zygal ahead to £347,000 and raising £1.2m

AN INCREASE in pre-tax profits from £164,000 to £347,000 has been shown by Zygal Dynamics for the year to the end of March, 1984. The directors express optimism about the current year's trading and announce that they are raising £1.2m by the issue of new ordinary shares at 82p each.

The dividend for the year has been held at a single payment of 0.75p net, and earnings per 5p share are given as rising from 3.7p to 7.2p.

Turnover of this supplier of computer terminals—its shares are traded on the USM—moved up from £3.32m to £5.2m.

The directors say that the issue of shares is as a result of recent significant expansion, which the directors intend to maintain. It is proposed to grant existing shareholders an option for a limited period to subscribe for a proportion of the issue.

The directors say the group is well placed to benefit from new products in traditional business sectors and also from the continuing development of modular technology and the business systems group.

Recently the group has received orders for new laser communications systems from gas, electricity and water authorities in the UK and from some overseas customers.

The increase in turnover was in line with expectations expressed at the interim stage. However, the directors say that a squeeze on margins was experienced mainly in the terminals product and business systems groups in the second half. Operating costs were broadly in line with budget.

Elswick-Hopper reviews advisory set-up

Elswick-Hopper, the loss-making bicycles, farm equipment and engineering group, has cut back sharply on the number of financial advisers it retains and plans to appoint two new directors to the board.

Elswick inherited advisers from the companies is acquired during its expansionary period and ended with four banks and seven firms of auditors acting for different parts of the group.

Mr Michael Dyer, the finance director who joined the board in April 1982, said "The whole thing just had to be rationalised, it did not make sense. We have not fallen out with anybody."

Lloyds Bank, previously banker to half the group companies, will become banker to the entire group while Deloitte Haskins & Sells, previously adviser to the engineering businesses, will become group auditor.

The company has appointed Hoare Govett as stockbroker in place of Robert Wigram.

Elswick also intends to appoint two new directors to replace one, and possibly two, members of the current board who will be retiring soon. The aim is to relieve the burden on Mr Jim Turner, the chairman, who is also group chief executive as well as heading the cycles division.

The company reports that losses in the second half of the year to the end of January 1984 were cut to £23,000, reducing the full year taxable deficit from a restated £373,000 to £217,000.

A better result is expected in the current year—the greater part of this will come in the second half due to the seasonal nature of the bicycle business.

The year under review saw a fall in trading profits from agricultural equipment, from £670,000 to £580,000, due to lower margins in the second half.

Bicycle operations incurred a loss of £94,000, against a profit of £42,000, and manufacturing in Shropshire was stopped in January at an extraordinary cost of £190,000.

Engineering activities turned a loss of £51,000 into a profit of £106,000 on sales of £5m (£4.5m).

The loss per Elswick share was given as 0.57p (1.12p) and there is no dividend (0.025p).

There was no tax charge (£50,000) but there were extraordinary debits of £285,000 (£597,000) relating to redundancy and closure costs, relocation expenses and other items.

Sumrie changes direction as losses rise

LOSSES, BEFORE tax, of Leeds-based Sumrie Clothes increased sharply from £36,000 to £242,000 in the year to March 31 1984. Of this deficit, £116,000 was attributable to the manufacturing business, while £126,000 related to the retail subsidiary, Rhodes and Rosslyn, which the new management has recently resolved to close.

Sumrie, however, has agreed to acquire Spatebrook, an importer and distributor of leisurewear, in which Mr Michael Hepker, the chairman of Sumrie, is a director. He is also associated with a substantial shareholder.

As previously announced, three new directors were appointed to the Sumrie board in February. In March, Mr R. M. Sumrie, Mr A. A. M. Weir and Mr L. Holmes ceased to have executive responsibilities. Mr Hepker was appointed chairman and Mr P. Benson was seconded as acting chief executive.

Mr Hepker reports that it was decided by the previous management, during the course of the company's financial year, to expand the retail operation from two shops to four by the acquisition of the Oxford Clothing Company.

In the board's view this decision was ill-advised and the management of the retail shops subsequently left a great deal to be desired. Accordingly, the directors decided to dispose of the four shops and as a result of this decision, the accounts disclose extraordinary losses of £236,000 relating to the closure of these operations.

In the light of this, there is no dividend for the year, compared with 1.5p net in 1982-83.

Positive developments, however, include the disposal of a freehold property in Doncaster owned by the retail subsidiary. This has resulted in an extraordinary profit of £226,000 to set against the closure costs.

Also, partly as a result of changes made by the new management, trading and margins have improved and the company is pursuing a stringent policy of reducing overheads without sacrificing quality.

Group turnover for the year 1983-84 improved from £2.63m to £3.25m.

Loss per 20p share was up from 2p to 9.7p.

Spatebrook was incorporated in June 1982. Its net assets at March 31 1984 were £166,000 and pre-tax profits for the year to that date amounted to £148,000 (£103,000 from inception to March 31 1983). Sumrie has agreed to issue 250,000 new ordinary shares to the vendors of Spatebrook on completion.

If Spatebrook achieves pre-tax profits of not less than £350,000 in the year ending March 1985, £400,000 in the following year and £600,000 in the 12 months to March 1987, a further 350,000, 450,000 and 600,000 new Sumrie shares will be issued to the Spatebrook vendors in respect of those years.

If Spatebrook's profits fall short of these figures, 2,000 fewer new Sumrie shares will be issued for every £1,000 of shortfall.

Mr George Malde, who is the largest shareholder and managing director of Spatebrook, will be invited to join the Sumrie board on the acquisition being concluded.

In the interim statement, when pre-tax losses up from £34,000 to £94,000 were reported the possible acquisition of the Tillman Organisation was said to be deferred until the spring of 1984. The board has now decided not to proceed with this acquisition.

Three companies together have a controlling interest in Sumrie. They are Harvey Michael Investments (26.1 per cent of ordinary shares); Le Chevalerique (20.6 per cent) and Wincham Investments (5.2 per cent).

Panel criticises Yule Catto on profits disclosure

BY RAY MAUGHAN

Ferguson Lacey behind Finlan bid for Lincroft

BY RAY MAUGHAN

Lyle agrees funding for two new vessels

BY ALEXANDER NICOLL

DIVIDENDS ANNOUNCED

SUMMARY OF THE WEEK'S COMPANY NEWS

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Thomas French—Two for one.

Rights Issues

HI-TECH FARMING

Green revolution in the Saudi desert

By Andrew Gowers

WATCHING THE four gleaming red combine harvesters rumble and churn their way across the field, snapping up the pale golden ears of wheat and raising a storm of dust and chaff, you could almost be on the broad Canadian prairie.

But look the other way. All that meets the eye is mile upon mile of dreary red-brown sand dunes, broken only by skeletal scrub and the odd rocky promontory. On a distant hillside, some nomadic Bedouins are encamped in their dark tents, waiting for the chance to bring their sheep and cattle to graze on the stubble left after the harvest.

For this is the desert of central Saudi Arabia. Two and a half years ago, there was nothing here in the Wadi Sabah (Sabah Valley) but sand and scrub. But now, remarkably, it is one of the most intensively farmed areas in the Kingdom, producing a wheat crop with a yield to rival those obtained in Canada or anywhere.

Todia Farm, in the Al Khaj region, south east of Riyadh, is one of the many vivid illustrations of Saudi Arabia's agricultural revolution, which has rapidly transformed life in many of the Kingdom's rural areas brought the country to the brink of becoming a sizeable food exporter and demonstrated the potential and dynamism of its emergent private sector.

A market worth more than £1bn a year has brought a sparkle to the eye of the Western world's depressed agro-industry, which has flocked to sell goods and services to the Saudis. An agricultural fair in Riyadh earlier this year attracted more than 400 companies from 26 countries, including just about every big name in the book.

'Miracle' due to heavy subsidy by government

Now Saudi Arabia's agricultural development has passed an important milestone. Surpassing its finest hopes of self-sufficiency, the Government estimates that its farmers have almost doubled their wheat production this year to 1.3m tonnes, creating in the process a modest surplus. The Kingdom has also reached the point of exporting eggs and is almost half way towards self-sufficiency in milk and chickens. But wheat is the showpiece.

The miracle has been achieved — as most farming miracles are these days — by heavy government subsidy. Since the late 1970s farmers have been offered a broad range of incentives, including long-term interest-free loans, free gifts of large land plots and subventions of up to 50 per cent on equipment, seeds and fertilisers.

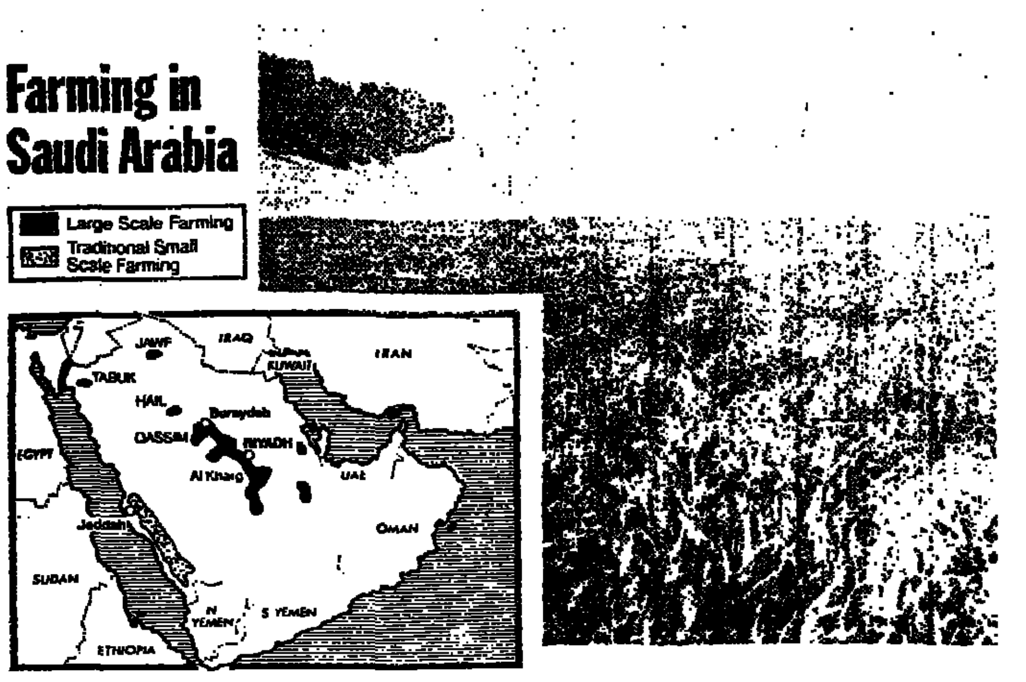
Most important for the exceptional growth of wheat production, the Government has undertaken to buy farmers' output at a guaranteed price of SR 3.5 (70p) per kilogramme, more than five times the world market price.

As a result, some of the best foreign brains in agriculture have poured into the Kingdom to apply themselves to the relatively new science of dry land farming. Total investment in the industry by the Saudis since 1980 is now running well over US$18bn; and wheat production has increased by leaps and bounds from its meagre level of 3,000 tonnes in 1975.

Saudi Arabia's farms are now among the most intensive and technologically advanced in the world, using the very latest irrigation, cultivation and animal husbandry techniques. Overall, they are undoubtedly also some of the most expensive to run, although as Government currently bears most of the burden they are probably the most profitable farms in the world for the private investor.

Foreign companies operating farms on a turnkey basis, which include U.S., Australian, British and Irish groups, reckon that at least half their revenue from a hectare of wheat—which ranges from about SR 14,000 to about SR 25,000—is clear profit, enabling farmers to pay back all their capital in an astonishing two to three years if they so desire.

Without subsidies large wheat farmers in the Kingdom would find the going impossible. The soil, consisting mostly of sand virtually devoid of nutrients and bacteria, offers them nothing except a medium in which to put roots. The rest of the work must be done with expensive irrigation equipment, spraying a weak solution of fertiliser in water over a wide area: a totally artificial, controlled environment.



Masstock Saudia Ltd's farm at Wadi Birk, south of Riyadh

But at present, at least, cost does not seem to worry the Government, which prefers to point to an estimated saving on food imports of SR 3.79bn (£762m) in the most recent year. More important still are the political and social advantages of developing a lively agricultural sector: the invulnerability to politically inspired embargoes which self-sufficiency provides; the prosperity agriculture is bringing to the countryside and towns, which in turn is helping to reverse the drift to the big cities seen in the 1960s and 1970s; the diversification of the economy away from oil.

The Saudis are extremely proud of their agriculture for all these reasons, and very sensitive to suggestions that it is a waste of money. A remark to this effect by Mr John Block, the U.S. Agriculture Secretary, last year met with a sharp rebuff from King Fahd, who vowed to "refute allegations that the Kingdom is not an agricultural country."

Still, as the "gold rush" into wheat farming continues apparently unabated, there are several clouds on the horizon. In particular, the foreign farming fraternity in the Kingdom is beginning to wonder whether the Saudi programme—rather like the EEC's Common Agricultural Policy—is in danger of becoming a victim of its own success.

The most immediate question concerns the wheat surplus. Although this year's over-production amounts only to about 500,000 tonnes, enough to set aside as a prudent buffer stock, covering six months' consumption, there is every sign that the 1985 crop will be much larger, possibly more than 2m tonnes. That implies a surplus of 1.2m tonnes, quite a considerable grain mountain.

The Government has always said that it will export excess grain, either selling it to fellow members of the Gulf Co-operation Council, or handing it out to the needy as aid. But spending $5 or more for every $1 worth of produce seems an incredibly wasteful way of trading or aiding in the long run.

Indeed, the costs of keeping up production at projected levels look astronomical. If this year's production estimates were correct, the Government will have spent about SR 4.55bn buying the crop in. Many people are asking themselves how long such largesse can be justified at a time of general budgetary restraint. Even last year, the state purchasing organisation had budgetary difficulties and had to delay some payments to farmers.

The Government itself has been making noises for some time about paring down subsidies in general, including those to farmers. But although the profit margins of the big farms show a lot of leeway for a reduction in the guaranteed wheat price, the authorities may find it difficult to make significant cuts in their hand-outs.

A recent attempt to reduce the wheat price from SR 3.5 to SR 2.5 per kilo is believed to have been shelved after resistance not only from the newly vocal farmers' lobby but also from the Kingdom's powerful religious establishment. In any case, there are still many traditional small farms in the Kingdom which are not nearly as productive as the intensive modern operations, and they would be the first to suffer. Saudi rulers, ever-mindful of the need to preserve as broad a political base as possible, are unlikely to want to tread on the small man's toes in this way.

Many observers see a move from wheat into barley as a logical next step which would have the added advantage of reducing the estimated 1m tonnes of subsidised annual barley imports for animal feed. But there is no sign that the Government is planning such a move. "We've been trying to persuade the Saudis of the need to diversify subsidies out of wheat for some time now," said one foreign farm executive, "but we always meet the same response: 'wheat is different; wheat is bread'."

A second, rather more distant question-mark hangs over the all-important water supplies. Much of the Kingdom's agriculture depends on ancient, non-renewable water resources pumped from wells some 1,000 metres deep and sprayed on the land through American-made centre pivot systems. The scale of water used in farming is staggering; some individual farms pump more water every day than the entire Kingdom pumps oil; every centre pivot, covering an area of up to 200 acres of crop, uses about 1,200 gallons of water a minute.

Laying on new supplies, say, of desalinated sea water, or reclaimed sewage, would be enormously expensive in the required quantities. What new water is being laid on is mainly aimed at urban consumers.

Thus, although there is apparently no major sign of this yet, there are worries that the Kingdom's water table may eventually fall, causing wells to start running dry. That would spell catastrophe, and not just for agriculture: the nature of the soil is such that if farming were to stop some areas might turn into dust bowls of the "Grapes of Wrath" kind.

But perhaps the most worrying feature of the Kingdom's agriculture, from the point of view of its long-term liability, is the relative lack of active involvement by Saudi nationals. Although wealthy Saudis have put up a good proportion of the necessary capital, many of the country's farms are run entirely by foreigners.

A typical pattern would be a Saudi owner, possibly in partnership with a Western company (with the foreign company carrying out overall day-to-day management): a British or American farm manager, and a work force comprising Yemenis, Pakistanis, Somalis or Filipinos.

The gold rush into wheat brings problems

How can a country truly boast of self-sufficiency in a commodity, wonder some foreign observers, when it is so dependent on expatriates and imported technology to produce it? That is a question which the Saudis will have to settle for themselves if their agriculture is to continue to impress the world.

APPOINTMENTS

Rentokil Group finance director

Mr William Oakley joins the board of RENTOKIL GROUP on July 1 and will become group finance director on October 1. He succeeds Mr K. A. Bridgman who will retire but remain on the board. Mr Oakley is currently group finance director of Barnett & Hallamshire Holdings.

*

FJC LILLEY has made the following changes in the board of its subsidiary, Lilley Construction: Mr Douglas Neill has resigned and Mr David F. Beardsmore has been appointed chairman. Mr John F. Dickson has been appointed deputy chairman. Mr John P. McGonigle and Mr James Barrowman have been appointed joint managing directors.

*

NORTH MIDLAND CONSTRUCTION has appointed the following to the board: Mr J. B. Horablu, Mr A. G. W. Michael, Mr R. Moyle and Mr M. S. Garratt.

*

Following the sale by Norwich Union Insurance Group of the ordinary share capital of AP BANK to the Riggs National Bank of Washington DC, the following changes have been made. Mr J. L. Allbritton, chairman of the board, president and chief executive of Riggs National Bank, and Mr G. P. Clancy, Jr, executive vice president and London General Manager, have joined the board of AP Bank. Mr G. C. Lam, chief executive of Norwich Winterthur Reinsurance Co, has resigned from the board of AP Bank in order to devote himself full-time to the affairs of Norwich Winterthur.

*

At HEALTH AND DIET FOOD CO Mr David Barlow becomes finance director and Mr Tom Smith production director.

*

EQUIPU has made the following changes in the group. Mr John Pottch, sales director, has been appointed assistant managing director of Equipu. Mr Jeffrey Marshall Smith, regional director, Gloucester, and Mr Michael J. Richards, regional director, Newton Abbot, have been appointed to the main board. Mr Andrew Warren, Bristol branch manager, has been promoted to regional director, Bristol. Following the recent acquisition of Telequip, a new board has been formed. Mr Julius G. Agoston, managing director, and will continue to serve on the Equipu board as service director. Mr Jeffrey Smith and Mr A. Warren become directors. Mr F. W. G. Shayler is appointed company secretary. At Equipu Datalink Mr David M. Bennett, regional director Cardiff, has been appointed to the board.

Mr R. D. Reader has been appointed head of divisional coordination in the resources and external affairs division of BRITISH GAS. His principal role will be to ensure the coordination of corporate matters affecting the division as a whole, and divisional input to matters of general policy. He was appointed chief co-ordinator of the research and development division in 1978.

*

Mr Geoffrey Holbrooke has assumed the additional role of commercial director and Mr Julian Best has become marketing director in the animal health division of HOECHST UK.

*

Mr Norman Baker has been appointed to the board of ARLEN ELECTRICAL as manufacturing director. Mr L. Hancock remains executive chairman. Mr A. D. Levy relinquishes the post of joint managing director to remain as deputy chairman and Mr M. Mutkin relinquishes the post of joint managing director to hold the post of financial director. Mr D. Blumire continues as marketing director.

*

Following the appointment of Mr Thomas Sands as president of ELIZABETH ARDEN, Japan, Mr Thomas Young has returned to the UK as managing director. Mr Young was vice-president, marketing development and creative services, based in New York.

*

FRF SAWS, a subsidiary of Spear and Jackson International, has appointed the following directors: Mr S. M. de Bartolome (chairman), Mr R. Norman (managing director), Mr D. Prescott and Mr N. J. Vincent.

*

At the annual meeting of PRUDENTIAL CORPORATION, Mr M. D. Abrahams was elected a director. He has been a director of the Corporation's subsidiary Prudential Pensions since 1981. Also elected to the board, as executive directors were Mr R. E. Artus and Mr F. G. Wood. Mr W. G. Haslam having completed his term of office as a deputy chairman of the Corporation, is succeeded by Mr P. E. Moody. Following his appointment to the Corporation board, Mr R. E. Artus relinquishes his duties as secretary and Mr D. F. Roper, group legal adviser, assumes the duties of company secretary. Mr H. G. Clarke has retired.

*

Mr Magnus Mowat has been appointed an executive director of BARCLAYS MERCHANT BANK and a local director of Barclays Bank Manchester local head office area. He was formerly a partner in Illingworth and Henriques, stockbrokers.

LONDON STOCK EXCHANGE

MARKET REPORT

Interest rate uncertainties inhibit trade but Gilts manage late recovery which helps equity leaders

Account Dealing Dates

Option *First Declara- Dealings	tions	Last Dealings	Account Day
May 14	May 31	June 1	June 11
June 4	June 14	June 15	June 25
June 18	June 28	June 29	July 9

* "New-time" dealings may take place from 9.30 am two business days earlier.

Revived interest rate uncertainties inhibited business in London markets yesterday. The last session of an extremely volatile week ended with leading shares easier and Government stocks attempting to regain composure after suffering marked weakness on Thursday.

Contrasting views from various Government officials, on U.S. interest rate trends have caused renowned alarm about interest rates generally. Investors fear a repetition of the recent crisis of confidence in financial markets, which was mainly responsible for exerting upward pressure on international money market rates and posed a serious threat to UK base lending rates.

Although there appears little danger of increased domestic rates at the moment, the possibility remains very much in the foreground. Institutional operators naturally are reluctant to commit funds and over the last two days dealers have seen only professional business together with nervous selling from small private clients.

News of this week's unexpected contraction in the U.S. monetary aggregates and the ensuing sharp rally late on Thursday in the bond market there failed to restore confidence here. Leading shares opened fractionally easier and fairly soon went lower before meeting with any resistance. At noon, the FT Industrial Ordinary share index was 7.6 down but it slowly recovered, thanks to late Gilt market trends, to close only 1.8 down on balance at 831.4 for a rise of just 6.9 on the week.

Gilt-edged securities fluctuated either side of overnight levels prior to rising late in company with U.S. Bonds. Trade was light and generally two-way before buyers became more courageous late. The lower rate on this week's small Treasury bill offering helped sentiment and late in the session longer-dated Gilts were showing net gains of ½. The shorts, however, displayed narrow movements either way.

Phoenix volatile

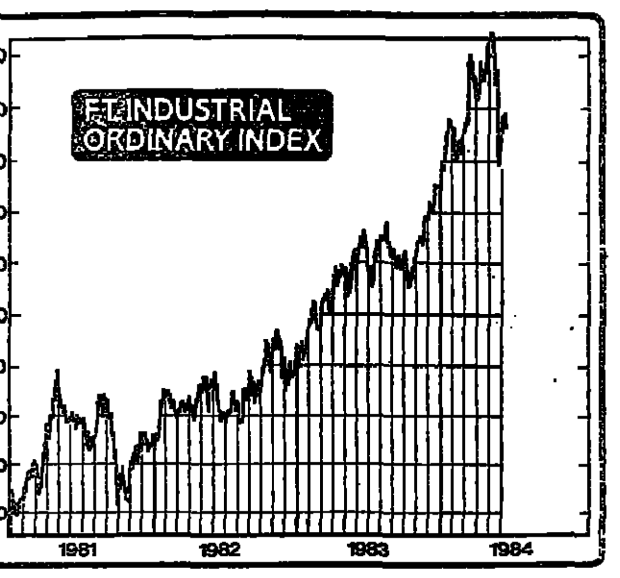
A more mundane session in Insurances was enlivened after the official "house close" by **Phoenix**. Renewed speculation of a bid from the West German concern Allianz, which earlier this week reiterated its intention to acquire foreign companies to help boost its business abroad, lifted Phoenix from 440p to a close of 458p, a net 12 higher on the day and 38 better on the week. **Commercial Union**, also actively traded throughout the week on Allianz bid speculation and talk of the impending sale of its troubled U.S. operations, closed slightly firmer at 219p, after 214p.

Latin American debt problems continued to overshadow the major clearing banks. **NatWest** drifted 7 down to a new low for the year of 558p, while **Midland** slipped 5 more to 328p and **Barclays** softened 3 to 465p. Elsewhere, **Grindlays**, a further 3 dearer at 168p, continued to reflect takeover speculation. **First National Finance Corporation**, however, eased 2 to 75p on on profit-taking in the absence of the much rumoured bid.

Telecommunications and news agency group **Reuters**, which staged a successful market debut earlier in the week, firmed 3 more to 224p compared with the 196p striking price; dealers viewed Thursday's reports of Arab interests acquiring a 12 per cent stake with some scepticism.

Dull conditions persisted in Buildings. The company's decision to reduce its South East England land bank and nervousness about a forthcoming television programme on the housing industry depressed **Barratt Developments** which shed 8 to equal its 1984 low of 90p. Fellow housebuilders **George Wimpey** slipped 2 to a low for the year of 114p. **Taylor Woodrow** lost 10 to 625p awaiting news from the annual meeting, while **Costain** eased 4 to 282p and **AMEC** lost the turn at 207p. **Tarmac** remained unsettled by adverse comment in a trade magazine and shed 8 for a two-day fall of 24 to 436p, while **RMC** gave up 8 to 394p, after a 1984 low of 388p, following the chairman's cautious statement at the annual meeting. **Ward Holdings**, a firm market earlier in the week on a broker's recommendation, came back 4 to 127p, while **SGB** lost 6 to 134p. Occasional selling clipped 5 from **Ruberoid** at 235p, but revived demand in a restricted market lifted **Helical Bar** 3 to 25p.

ICI slipped to 562p initially and thereafter traded quietly around that level prior to edging up on light support to close unchanged on balance at 566p. **Hickson International** met with occasional support and firmed 5 to 253p; the interim results are expected soon. Elsewhere, **Amersham International** gained the turn at 228p in front of next Monday's annual figures; profit estimates range between £13m and £14.5m.



Inclined easier at the outset, leading Stores attracted scattered support and displayed modest gains by the close. Persistent rumours of the imminent sale of its Welbeck finance arm continued to surround **Debenhams** which firmed 5 for a two-day gain of 11 to 178p. Another relatively subdued trade among secondary counters was given a boost after the official close by **Lincroft Kilgour**, which advanced 9 to 115p following share-exchange offer terms from **John Finlan** valuing the former at 125p per share. Finlan, which has agreed to purchase Drayton Consolidated Trust's 23.78 per cent holding in Lincroft, eased 5 to 205p. **Sumrie Clothes** firmed a few pence to 120p as the acquisition of leisurewear importer and distributor Spatebrook annulled the expected annual loss and omitted dividend. **I. J. Dewhirst** eased 5 to 112p following the chairman's warning on profit margins.

Awaiting the outcome of the discussions with **Thorn EMI** and **GEC**, **British Aerospace** advanced 6 to 388p; **Thorn EMI**, which have fallen sharply recently on fears of an expensive merger with Bae, rallied 6 but still ended the week 31 lower at 534p. **GEC** held the overnight level of 180p. Elsewhere in Electricals, excellent results from **Sound Diffusion** had already been discounted and the shares dropped to 120p before rallying smartly to close 2 harder on balance at 136p. Comment on the profits recovery helped **Quest Automation** add 3 more at 40p, but **BSR** came on offer at 222p, down 6. **Logica**, 335p, and **Miles 33**,220p, fell 10 and 20 respectively.

TI met with renewed support and closed 4 better at 234p, while other Engineering leaders closed at, or near, overnight levels following a quiet trade. Elsewhere, **Staveley Industries** gained 4 to 238p ahead of next Thursday's preliminary figures, while **Burgess Products** responded to Press comment with a jump of 7 to 75p. Still upset by the further deferment of preference dividend payment **Acrow A** softened 1½ more to 12p.

Investment activity in the Food sector was at a low ebb. Sporadic selling and lack of support left **Rowntree Macintosh** 10 down at 264p and clipped 4 from **Kwik Save**, at 156p. **Tesco** softened a penny to 184p; the annual results are due next Wednesday. Elsewhere, **Maynards**, recently the subject of an abortive partial bid from Mr Lewis E. Cartier, put on 5 for a two-day gain of 15 to 270p on hopes of another offer. **Hazlewood Foods** continued to reflect the good annual results and moved up 20 to a 1984 peak of 770p for a rise on the week of 105.

Ladbroke, at 222p, recovered 3 of the previous day's fall of 11 which followed news of a £54m cash call. **Rowton** hardened a couple of pence to 195p in response to satisfactory annual results. USM-quoted **Midsummer Inns**, which received a 215p per share cash bid from Swithland Leisure earlier in the week, moved up 10 to 225p. **Garfunkels**, also traded in the USM, rose 13 to 237p.

Beecham rise

Pharmaceutical concerns **Beecham** and **Glaxo** were the pick of the miscellaneous industrial leaders: the former rose 8 to 340p ahead of Thursday's preliminary results and the latter closed 10 to the good at 335p. **Metal Box**, with annual figures scheduled for Tuesday, put on 4 to 346p. Elsewhere, **Associated British Ports** fell 11 to 238p on concern about the deteriorating impact of the miners' dispute on profits. The highly-volatile **Applied Computers** dropped 20 to 660p, while **Elson and Robbins** cheapened 2 to 55p following the interim figures. **Highgate and Job** met with revived speculative support and rose 7 to 137p, while **Advance Services** improved 3 to 80p on talk of a bid from BET. **Continental Group** improved 1½ points more to £30¾ on further consideration of the US$50 a share bid from Sir James Goldsmith's Diamond Land Corporation.

In the Leisure sector, **Juliana's** revived with a gain of 15 at 445p, but casino concern **Pleasurama**, a firm market this week, encountered profit-taking and slipped 6 to 317p. Television issues were irregular. **Ulster TV A** hardened a penny to 148p and **TVS N/V** firmed 4 to 122p, but **Anglia A** softened a couple of pence to 170p.

Publishers finished an encouraging week in good heart as investors continued to assess the sector in the wake of the Reuters launch. **Associated Newspapers** hardened 5 to record a five-day advance of 50 to 485p, 15 more to 770p. Elsewhere, **Delyn Packaging** improved 8 to a 1984 peak of 108p on news that John Carrington now holds almost 22 per cent.

Lyle Shipping, a nervous market since the auditors' qualification of accounts, rallied 7 to 51p following the provisional loan agreement with its bankers. **Hunting Gibson** firmed 5 to 94p in late trading after the preliminary results.

A subdued session in Textiles was enlivened towards the close by **Tomkinsons'** exceptionally disappointing interim results and the price fell steadily to close a net 21 cheaper at 103p. In contrast, **Victoria Carpet** provided an early firm spot, rising 5 to 27p on revived speculative support. **Youghal** held at 12½p following the small full-year profit.

Among Tobaccos, **Bats** attracted substantial early inquiry following persistent support in overnight U.S. markets and touched 225p before settling 6 up on balance at 221p. **Imps** firmed a couple of pence to 153p.

BP down again

Leading oils opened on a flat note, but subsequently managed a modest rally which left the majority of issues with minor falls on balance. **BP** dipped to 500p in the initial dealings, despite generally favourable Press comment on the first-quarter figures, but gradually rallied to end the day a net 5 easier at 505p; this compares with the week's best of 531p and the 525p ruling prior to the announcement of the results on Thursday afternoon.

Shell were finally 7 off at 670p, after 665p, while **LASMO** fell 5 to 288p and **Britoil** eased 2 to 245p.

Among the secondary stocks, **Carless Capel** succumbed to profit-taking and gave up 7 at 230p but retained a week's rise of 10 following the increased profits and news of a further oil find in the Horndean 2 well.

Saxon Oil were easily the week's best performer in the oil sector. Persistent speculative buying boosted the shares a further 5 to 375p for a five-day gain of 65. **Cambridge Petroleum Royalties** were a like amount firmer at 380p—55 higher over the week—following the bid approach from Energy Recovery Investment Corporation, which on Tuesday acquired a 22.54 per cent stake in Cambridge.

Elsewhere, South Africa's **SASOL** jumped 13 to 300p amid rumours that the company had made a significant oil and gas discovery off the coast of South Africa, but Canada's **Double Eagle** slumped 10 more to 40p—a week's decline of 31—owing to persistent local and Canadian selling following the proposed £3.8m acquisition of Chessminster.

Gill and Duffus, a rising market of late following bullish circulars from brokers Phillips and Drew and Laurie Milbank, reacted sharply to the chairman's cautious comments at the annual meeting, particularly those referring to current trading, and dropped 18 to 177p, after 175p. **S. and W. Berisford** were marked lower is sympathy and closed 6 off at 179p. **Tozer Kemsley and Millbourn** hardened the turn to 39p on confirmation of further buying by Mr Ron Brierley's IEP Securities, which now controls almost 16 per cent of the equity.

Golds under pressure

An easier trend in bullion prices, coupled with a decline in the rand rate left South African Gold and related issues showing substantial losses.

Share prices came under pressure from the outset when an initial mark down was followed by renewed selling pressure. Thereafter, business contracted and prices continued to drift lower in relatively subdued trading before staging a minor rally in the after-hours' trading.

Nevertheless, losses were sufficient to produce a 21.7 fall to 672.3 in the Gold Mines index, leaving the measure more than 25 points down over the week.

Bullion closed $5.5 off at 386.5.

Heavyweights were featured by **Vaal Reefs**, which fell £2¾ to £93½, **Hartebeest**, £2 cheaper at £58½, **Western Holdings**, £1⅝ lower at £35½ and **Kloof**, £1¾ down at £38¾, the last-named ahead of the dividend due next Tuesday along with payments from the other mines in the Gold Fields group.

South African Financials mirrored the trend in Golds with the notable exception of **Anglo American Corporation**, which closed only a fraction easier at £13¾ on further consideration of the recently announced record profits and dividend increase. **De Beers**, however, were a poor market and dropped 10 more to 487p, after 485p following rumoured switching into Anglo American Corporation. Other weak spots in the sector included **Gencor**, a half-point off at £14½, **Minorco**, 20 easier at a 1984 low of 620p and **Gold Fields of South Africa**, which gave up ¾ to £16½.

Australians were usually a couple of pence easier on lack of interest. **North Kalgurli** remained a vulnerable market and fell 2 more to a year's low of 58p on further consideration of the proposed A$10m rights issue.

Elsewhere, **Consolidated Murchison** reacted 50 to 800p; the interim results are expected later this month.

Demand for Traded Options continued to decline from recent buoyant levels with 3,716 contracts struck. The week's daily average amounted to 5,278. The FTSE 100 index contract recorded 560 calls and 495 puts. A lively two-way trade developed in Coutraulds with 195 calls and 223 puts transacted.

FINANCIAL TIMES STOCK INDICES

	June 8	June 7	June 6	June 5	June 4	June 1	year ago
Government Secs	78.90	78.74	79.38	79.51	79.34	78.69	82.91
Fixed Interest	83.06	82.98	83.11	85.11	83.08	82.70	84.37
Industrial Ord.	831.4	833.2	846.5	840.1	843.3	824.5	717.1
Gold Mines	672.3	694.0	699.3	698.5	711.5	688.1	825.9
Ord. Div. Yield	4.74	4.74	4.67	4.70	4.68	4.78	4.49
Earnings, Yld.% (full)	11.00	11.00	10.84	10.92	10.88	11.10	8.92
P/E Ratio (net) (*)	10.91	10.91	11.07	11.01	11.05	10.82	13.89
Total bargains (Est.)	17,829	20,234	21,908	20,770	21,547	22,845	23,009
Equity turnover £m.	—	255.12	285.85	298.69	297.21	270.87	316.05
Equity bargains	—	14,059	15,515	18,026	20,153	20,046	19,118
Shares traded (ml)	—	133.0	144.9	158.7	151.3	150.0	169.4

10 am 831.4. 11 am 826.4. Noon 825.6. 1 pm 829.0. 2 pm 829.0. 3 pm 829.0.

Basis 100 Govt. Secs. 8/1/58. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/58. SE Activity 1974.

Latest Index 01-246 8026.

* Nil = 10.43.

HIGHS AND LOWS

	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.77 (9/1)	77.86 (30/5)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/3)	82.39 (30/5)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	922.8 (3/5)	770.3 (4/1)	922.8 (3/5/84)	49.4 (26/6/40)
Gold Mines	711.7 (8/3)	520.2 (17/1)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	June 7	June 6
—Daily Gilt Edged Bargains	150.4	153.7
Equities Bargains	91.1	100.5
Value	515.7	577.8
5-day Average Gilt Edged Bargains	162.5	160.8
Equities Bargains	113.8	119.7
Value	569.1	688.2

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
BAT Inds.	221	+5	ICI	566	—
Barratt Devs.	90	−8	Ladbroke	222	+3
Boots	170	−3	Marks and Spencer	241	−3
BP	505	−5	RMC	394	−8
De Beers Dfd.	487	−10	Rank Org.	219	+1
Gill and Duffus	177	−18	Sound Diffusion	136	+2

THURSDAY'S ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of changes	Thurs. close	Change on week	Stock	No. of changes	Thurs. close	Change on week
Brit Aerospace	169	383	+53	Reuters New B	98	221	+13*
GEC	117	170	+18	Shell Transport	90	677	+27
BP	112	510	+30	Glaxo	89	825	+35
Hanson Trust	106	218	+15	Beecham	83	332	+27
Bokr McConnell	104	191	+33	RHP	80	73xd	+14
Commerc Union	104	215	+30	Racal Elect	79	230	+8
ICI	101	566	+26	BTR	78	455	+14

*Based on Monday's opening price.

5-DAY ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Brit Aerospace	26	383	−5	Boss	13	380	−8
BP	23	510	−15	Britoil	13	247	−8
Reuters New B	20	221	+6	BICC	12	273	+3
Termec	15	444	−16	RTZ	12	615	−9
Glaxo	14	825	−2	ICI	12	566	−4
Reed Intl	14	446	—	Royal Insce	12	388	−2
Shell Transport	14	677	−11	Thorn EMI	12	528	−12

RISES AND FALLS

	Yesterday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	62	12	29	253	185	81
Corpns. Dom. and Foreign Bonds	11	4	67	70	53	287
Industrials	170	346	881	1,965	1,089	3,884
Financial and Props.	54	146	323	880	383	1,342
Oils	19	33	68	196	126	318
Plantations	1	4	15	31	11	58
Mines	8	94	71	166	277	422
Others	68	45	100	404	217	486
Totals	402	683	1,554	3,925	2,331	7,000

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri June 8 1984 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Thurs June 7 Index No.	Wed June 6 Index No.	Tues June 5 Index No.	Mon June 4 Index No.	Year ago (approx.) Index No.	1984 High		1984 Low		Since Compilation High		Since Compilation Low	
1 CAPITAL GOODS (203)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 Building Materials (24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (32)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Electronics (29)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (62)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 Motors (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Other Industrial Materials (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP (194)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Brewers and Distillers (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Health and Household Products (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Leisure (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Newspapers, Publishing (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Packaging and Paper (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (46)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39 Other Consumer (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 OTHER GROUPS (87)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping and Transport (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (51)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (484)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (120)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance (Brokers) (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (53)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Financial (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (106)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (746)	499.58	−0.4	—	4.73	—	501.32	505.70	502.41	501.29	443.27	536.71	3/5	470.83	3/1	536.71	3/5/84	61.92	13/12/74
FT-SE 100 SHARE INDEX	1068.6	−3.4	1072.0	1067.3	—	1072.0	1087.9	1077.8	1078.8	0.0	1141.6	3/5	997.5	3/1	1141.6	3/5/84	997.5	3/1/84

(FT-SE 100 row headings: Index No. / Day's Change / Day's High / Day's Low)

FIXED INTEREST

PRICE INDICES		Fri June 8	Day's change %	Thurs June 7	xd adj. today	xd adj. 1984 to date
British Government						
1	5 years	115.28	+0.07	115.45	0.25	5.40
2	5–15 years	125.65	+0.37	125.64	0.04	5.64
3	Over 15 years	133.90	+0.43	133.33	—	5.82
4	Irredeemables	143.06	—	143.06	—	6.30
5	All stocks	125.00	+0.28	124.87	0.21	5.62
6	Debentures & Loans	103.41	−0.20	103.62	—	4.99
7	Preference	76.96	+0.56	76.53	—	3.10

AVERAGE GROSS REDEMPTION YIELDS			Fri June 8	Thurs June 7	Year ago (approx.)	1984 Highs		1984 Lows	
British Government									
1	Low	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Coupons	15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Medium	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Coupons	15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7	High	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Coupons	15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	Irredeemables†		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
11	Debs &	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12	Loans	15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13		25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14	Preference		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Other Industrial Materials	31/12/80	287.41	Other Financial	31/12/70	128.06
Other Consumer	31/12/80	238.14	Food Manufacturing	29/12/67	114.13
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67
Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Electronics	30/12/83	1646.65	All Other	10/04/62	100.00
Mechanical Engineering	31/12/71	153.84	British Government	31/12/75	100.00
Office Equipment	16/01/70	152.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
			FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

CONSTITUENT CHANGES: Pentos (46) has been deleted and replaced by Reuters Holdings 'B' (46).
NAME CHANGE: Pearson (S.) & Son has changed its name to Pearson (46).

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (20)

AMERICANS (1)
Derma-Lock Medical
BANKS (1)
Grindlays
STORES (1)
Lincroft Kilgour
ELECTRICALS (1)
Quest Automation
ENGINEERING (2)
Brown & Tawse — Burgess Products
FOODS (1)
Hazlewood
HOTELS (1)
Midsummer Inns
INDUSTRIALS (4)
Aberfoyle — Continental Group
Beecham — Macpherson (D.)
MOTORS (1)
Adams & Gibbon
PAPER (2)
Delyn Packaging — Ogilvy & Mather
SOUTH AFRICANS (1)
Tiger Oats
TRUSTS (1)
Kellock Trust
OILS (2)
Cambridge Petrol. — Collins (K.)
MINES (1)
Rand London Corp.

NEW LOWS (37)

BRITISH FUNDS (1)
Treas. 9½pcCv '89
INT. BK. & O'SEAS GOVT. STLG. ISS. (1)
Int-Am. Dvlpt. Bk. 12½pc 2003
AMERICANS (1)
First Chicago
CANADIANS (1)
Brascan
BANKS (2)
Midland 10¼pc Uns. Ln. 1993-98 — Nat. West
BREWERS (1)
Forshaws Burtonwood
BUILDINGS (3)
RMC — Wimpey (Geo.)
Ruberoid
CHEMICALS (3)
Ciba-Geigy 8¼pc Cnv. 1982-95 — Perstorp AB Free B
Yorkshire Chemicals
STORES (1)
Dewhirst (I. J.)
ELECTRICALS (2)
Motorola — Sound Diffusion
ENGINEERING (3)
Arrow A — Redman Heenan
Concentric
FOODS (1)
Hinton (A.)
INDUSTRIALS (5)
AAH — Granada A
Alfa-Laval AB B — Wolv. Stm. Laundry
Centreway Ind.
PROPERTY (1)
Marlborough
TEXTILES (1)
Tomkinsons
TRUSTS (2)
St. Andrew Trust — SPLIT Inc.
OILS (3)
Century — Hunting Petroleum
Genoa
MINES (5)
Minorco — De Beers Dfd.
Vogels — Centennial Mns.
Anglo-Am. Inv.

LEADERS AND LAGGARDS

Percentage changes since December 30, 1983, based on Thursday, June 7, 1984.

Gold Mines Index	+	20.55	Capital Goods	+	5.92
Oils	+	20.22	Shipping and Transport	+	5.89
Newspapers, Publishing	+	19.97	Mining Finance	+	5.20
Brewers and Distillers	+	17.61	Stores	+	5.19
Mechanical Engineering	+	17.23	Motors	+	4.57
Tobaccos	+	16.15	Electronics	+	3.98
Office Equipment	+	12.81	Other Groups	+	3.43
Insurance Brokers	+	12.42	Property	+	3.28
Health and H'sehold Products	+	12.27	Metals and Metal Forming	+	3.16
Insurance (Composite)	+	11.35	Food Manufacturing	+	2.99
Discount Houses	+	11.13	Other Consumer	+	2.49
500 Share Index	+	9.06	Investment Trusts	−	1.24
Packaging and Paper	+	9.04	Contracting, Construction	−	1.47
Consumer Group	+	8.67	Financial Group	−	1.51
Overseas Traders	+	8.44	Leisure	−	2.60
Other Industrial Materials	+	7.72	Electricals	−	5.31
Food Retailing	+	7.41	Banks	−	6.62
Industrial Group	+	6.94	Insurance (Life)	−	8.76
Textiles	+	6.57	Chemicals	−	8.79
Building Materials	+	6.56	Merchant Banks	−	15.23
All-Share Index	+	6.55			

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price p	+ or −	Net Div.	Times covered	Gross yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price p	+ or −
85	[illegible]	[illegible]	[illegible]	[illegible]	Amstrad 5p	[illegible]	[illegible]
R2.6	[illegible]	[illegible]	[illegible]	[illegible]	Anglo American Ind. Corp.	[illegible]	[illegible]
17	[illegible]	[illegible]	[illegible]	[illegible]	BSG Intl. 10p	[illegible]	[illegible]
Ir. 350	[illegible]	[illegible]	[illegible]	[illegible]	Bank of Ireland £1	[illegible]	[illegible]
29	[illegible]	[illegible]	[illegible]	[illegible]	Benlox 10p	[illegible]	[illegible]
A$7.5	[illegible]	[illegible]	[illegible]	[illegible]	Broken Hill Prop. A$2	[illegible]	[illegible]
120	[illegible]	[illegible]	[illegible]	[illegible]	Midsummer Inns £1	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Santos A$0.25	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
June 11	June 22	Sept 13	Sept 24
June 25	July 6	Sept 27	Oct 8
July 9	July 20	Oct 11	Oct 22

For rate indications see end of Share Information Service.

... included Birmid Qualcast, Selectv, Phicom, Harold Ingram, T. Cowie, Eglinton, C.H. Industrial, Royal Bank of Scotland, Stylo, Bryant, Cultus Pacific, Bula, Hadland, Lofs and Time Products. A put was taken out in Lloyds Bank, but no doubles ...

EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the five previous days is given with the relevant date.

‡ Bargains at special prices. ♦ Bargains done the previous day. △ Bargains done with non-member or executed in overseas markets.

COMMERCIAL INDUSTRIAL

A—B

AECL 5½pcPf (R2) 25: 33 4 (1/6)
AMEC 15½pcLn 1992 £109
A P V Hldgs 10¾pcLn 1997-2002 £120 (6/6)

L—M

LRC Intnl 10½pcLn 1990-95 £86¼ (5/6)
Ladbroke Grp Wts to sub 184 5 6 (5/6)
Laing (John) ANonVtg 176 8 9
Lamont Hldgs 8pcPf (50p) 17 (1/6)
Lanca (20p) 105

PLANTATIONS

Anglo-Indonesian Corp Pltg Rate Ln 1985-88 £82
Beradin Hldgs (5p) 540
Doranakande Rubber Estates (10p) 360‡ (6/6)
Dunlop Plantations 6pcPf (£1) 41 (4/6)
Hidong Estate (10p) 117 (5/6)
Inch Kenneth Kalang Rubber (10p) £6.2 .32 (7/6)
Kinta Kellas Rubber Estates (10p) 363
McLeod Russel 4.2pcPf (£1) 38. 7pcLn 1986-91 £85‡ (6/6)

RULE 163 (3)

Dealings for approved companies engaged solely in mineral exploration

Kenmare Oil Explor 11 2

(By permission of the Stock Exchange Council)

LONDON TRADED OPTIONS

Option		CALLS July	CALLS Oct.	CALLS Jan.	PUTS July	PUTS Oct.	PUTS Jan.
B.P. (*508)	420	95	105	—	4	8	—
	460	55	70	77	6	10	13
	500	25	40	50	18	30	38
	550	10	20	28	48	55	60
Cons. Gold (*559)	460	112	—	—	1½	—	—
	500	74	84	95	4	9	17
	550	37	47	57	16	20	40
	600	15	25	35	47	54	60
	650	2	13	21	95	100	102
Courtaulds (*123)	110	17	—	—	2½	—	—
	120	9	14	17	6	7	8
	130	5	10	15	10	12	15
	140	2	6½	9	18	21	22
	160	1½	3½	3½	38	39	40
Com. Union (*219)	140	81	—	—	1	—	—
	160	61	64	—	1½	3	—
	180	44	48	52	2	6	7
	200	26	38	38	6	9	12
	220	16	25	27	13	16	19
	240	9	12	—	25	29	—

Option		CALLS Aug.	CALLS Nov.	CALLS Feb.	PUTS Aug.	PUTS Nov.	PUTS Feb.
LASMO (*291)	260	40	—	—	5	—	—
	280	28	38	48	12	18	25
	300	20	28	38	23	30	35
	330	10	20	24	48	52	57
	350	6	13	—	75	78	—
Lonrho (*128)	110	28	—	—	1	—	—
	120	14	17	22	2½	3	4½
	130	8	12	16	6	8	9½
	140	4½	7	10½	14	18	18
	160	1½	3	6	34	38	36
P. & O. (*308)	260	55	65	—	3	3	—
	280	38	47	56	5	5	10
	300	22	32	43	8	14	18
	330	11	19	25	23	29	32
Racal (*227)	200	34	42	—	3	5	—
	220	20	28	36	10	16	30
	240	9	16	24	22	26	28
R.T.Z. (*608)	550	67	—	—	5	—	—
	600	32	47	60	20	30	38
	650	17	28	40	60	67	72
	700	4	13	—	104	107	—

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

[illegible]

INSURANCES

[illegible]

Insurances—continued

[illegible]

Offshore & Overseas—continued

[illegible]

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

هكذا اصل الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

Barclays Life Ass.—Cont.

Income Accum.	132.2	139.2	-0.8	—
Do. Initial	125.7	132.4	-0.8	—
Universal Tec. Acc.	84.5	89.0	-0.4	—
Do. Initial	83.0	87.4	-0.4	—
Man. Pens. Accum.	261.7	275.5	.....	—
Do. Initial	211.4	222.5	.....	—
Gilt-Edg. Pens. Accum.	216.9	228.4	.....	—
Do. Initial	168.5	177.4	.....	—
Money Pens. Accum.	198.1	208.6	.....	—
Do. Initial	156.1	164.4	.....	—

Black Horse Life Ass. Co. Ltd.
34bA High St., Chatham 0634 405161

Black Horse Man. Fd.	286.76		.....	—
Managed Inv. Fd.	165.46	174.17	.....	—
Property Fd.	155.35	163.53	.....	—
Fixed Interest Fd.	145.67	153.34	.....	—
Cash Fd.	140.77	148.18	.....	—
Income Fd.	194.39	204.63	.....	—
Extra Income Fd.	179.46	188.91	.....	—
Worldwide Growth Fd.	212.99	224.20	.....	—
Balanced Fd.	188.74	198.68	.....	—
Smlr Co's & Recy. Fd	217.11	228.54	.....	—
Int. Technology Fd.	237.40	249.90	.....	—
Nth. Amer. & Gen. Fd.	144.81	152.44	.....	—
Energy Int. Fd.	106.51	112.12	.....	—
Pacific Basin Fund	148.21	156.02	.....	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	119.6	125.9	+1.8	—
Property	124.1	130.6	+3.3	—
Equity	122.5	135.2	+5.0	—
International	131.8	138.7	+0.7	—
Fixed Interest	106.4	112.0	+0.9	—
Deposit	103.0	108.4	+0.2	—
Managed Pen. Cap.	118.1	124.3	+2.1	—
Property Pens. Cap.	124.0	130.5	+4.4	—
Equity Pens. Cap.	121.7	128.1	+4.5	—
Intnl. Pens. Cap.	133.9	140.9	+0.8	—
Fixed Int. Pens. Cap.	101.5	106.8	+0.7	—
Deposit Pens. Cap.	98.9	104.1	+0.1	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity 6th June 1		104.2	.....	—
Retmt Fed June 6	274.6	—	.....	—
Managed Pen Fund	184.6	194.3	.....	—
Property Pen Fund	118.5	124.7	.....	—
Index Lnkd Pen Fund	109.8	115.5	.....	—
Managed	125.1	131.7	-0.7	—
Property	108.5	114.3	+0.1	—
Gilt and Fixed Interest	107.7	113.4	-0.3	—
Index-Linked	95.9	101.0	-0.3	—
Equity	127.1	133.8	-1.0	—

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ. 01-628 8131

G.T. Plan Bond Fund	125.7	132.4	.....	—
GT Pln High Yld Fnd	130.3	137.2	.....	—
GT Plan Far East Fnd	124.3	130.9	.....	—
GT Plan N. Am Fd	116.1	122.3	.....	—
GT Pln UK&G.E. Fnd	152.0	160.0	.....	—
GT Pln Wrldwde Fnd.	146.3	154.0	.....	—
GT Pension Bnd Fnd.	137.4	144.7	.....	—
GT Pen High Yld Fd	150.7	158.7	.....	—
GT Pen Far East Fd	154.4	162.6	.....	—
GT Pen N. Am. Fd.	172.5	181.6	.....	—
Pen UK and General	177.5	186.9	.....	—
GT Pen Worldwide Fd.	157.1	165.4	.....	—

Prices for Accum. Units only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733
Intl. Managed Bond | 172.3 | 181.4 | ..... | —

General Portfolio Life Ins. PLC
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		265.6	+5.4	—
Portfolio Fd. Init.		213.3	+4.1	—

Continued on adjacent Page

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth. 0202 767655

Managed Fd.	282.3	297.5	.....	—
Money Fd	159.9	168.3	.....	—
Equity Fd.	239.5	252.4	.....	—
Fixed Int. Fd.	118.0	124.3	.....	—
Property Fd	178.2	187.8	.....	—
Managed Pen. Fd	272.1	286.7	.....	—
Equity Pension Fd	171.2	180.4	.....	—
Fixed Int. Pen. Fd	167.5	176.5	.....	—
High Yield Pen. Fd.	165.7	174.6	.....	—
Money Pension Fd.	134.0	141.5	.....	—
Property Pension Fd	132.9	140.0	.....	—
Gresham/Fenthington				
American & Gen. Fd.	223.6	235.6	+0.5	—
Income Fd	213.7	225.2	.....	—
Int'l. Growth Fd	257.3	271.1	+1.3	—
Capital Fund	221.9	233.8	+1.6	—
Recovery Fund	161.5	170.2	.....	—
Japan & Gen Fd	94.7	99.8	+0.4	—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance	153.7	—	.....	—
Landbank Secs.	70.4	74.6	.....	2.30
Landbank Secs. Acc.	190.9	195.2	.....	—
G. & S. Super Fd	£11.547	—	.....	—

Guardian Royal Exchange
Royal Exchange, EC3. 01-283 7101

Lloyds Life Assurance—cont.
Gartmore Funds—Series A

American June 6	153.6	161.7	.....	—
Australian June 6	98.8	104.1	.....	—
British June 6	135.2	142.3	.....	—
Commodity June 6	129.0	135.8	.....	—
Extra June 6	130.0	136.9	.....	—
Far Eastern June 6	116.0	122.2	.....	—
Gilt June 6	99.5	104.8	.....	—
Global Strat June 6	177.3	186.7	.....	—
Gold Share June 6	84.5	89.0	.....	—
High Inc June 6	131.9	138.9	.....	—
Income June 6	166.9	175.7	.....	—
Japan June 6	169.2	178.2	.....	—
Oil & Energy June 6	131.1	138.1	.....	—
Special Sits June 6	151.1	159.1	.....	—
UK Smller Cos June 6	136.4	143.6	.....	—
Man Growth June 6	155.8	164.0	.....	—

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF. 01-404 0393
'Asset Builder' | 67.9 | 72.0 | ..... | —

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511

Money Mngr June 1	65.	69.4	.....	—
MM Flexible June 1	56.9	60.0	.....	—

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA. 0272-279179

Continued on adjacent Page

Lanchester & Manchester Group
Winslade Park, Exeter EX5 1DS. 0392 52155

	Cap	Acc		Ad M/C
Invest Trust Fd	298.0	323.7	-3.6	339.9
Property Fd	118.5	128.0	.....	133.7
Fixed Int Fd	136.1	147.1	.....	—
Equity Fd	138.0	149.0	-1.8	—
Intnl Fd	126.5	136.4	-0.4	—
Guaranteed Dep Fd	140.0	150.1	+0.1	—
Flexible Fd	188.0	203.1	-0.7	209.6
Moneymaker Fd	—	177.1	-0.6	—
Cap Growth Fd	—	446.2	-4.6	—
Exempt Inv Tst Fd	455.9	489.8	.....	—
Exempt Inv Nom Sks.	—	484.6	.....	498.6
Exempt Ppty Fd	191.2	205.8	+0.3	—
Exempt Ppty Nom Sks.	—	203.3	0.3	209.1
Exempt Fixed Int Fd.	105.3	113.1	-0.7	—
Exempt Equity Fd	123.5	132.4	-0.5	—
Exempt Gtd Dep Fd	106.3	114.1	+0.1	—
Exempt Flex Fd	257.5	276.8	-1.0	—
Exempt Flex Nom Sks.	—	273.7	-1.0	281.0
Exempt Mixed Fd	101.5	101.7	-0.3	—

M & G Group
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588.

American Fund Bond	126.3	132.7	+0.1	—
American Rec. Bond	170.4	179.0	+0.5	—
American Smlr Cos Bd	76.6	80.5	+0.2	—
Australasian Bond	103.5	108.8	-0.5	—
Commodity Bond	141.2	148.3	+0.1	—
Deposit Bond	185.0	194.4	+0.1	—
Equity Bond (Acc)	330.9	347.5	-1.2	—
Extra Yield Fd. Bond	172.2	180.9	-1.0	—
Far Eastern Bond	117.0	122.9	-1.5	—
Gilt Bond	182.0	191.2	-1.6	—
Gold Bond	113.8	119.6	-1.7	—

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU. 01-680 0606

Property Fund		293.4	.....	—
Property Fund (A)		284.7	.....	—
Agricultural Fund		1154.5	.....	—
Agric. Fund (A)		1,122.0	.....	—
Abbey Nat. Fund		235.0	.....	—
Abbey Nat. Fd. (A)		233.8	.....	—
Investment Fund		139.2	-1.8	—
Investment Fund (A)		136.0	-1.8	—
Equity Fund		442.9	-6.5	—
Equity Fund (A)		433.5	-6.5	—
Money Fund		226.8	+0.2	—
Money Fund (A)		222.3	+0.2	—
Actuarial Fund		230.2	.....	—
Gilt-edged Fund		191.2	.....	—
Gilt-Edged Fd. (A)		191.2	.....	—
Retire Annuity		372.0	.....	—
Immed. Ann'ty		194.5	.....	—
International Fd.		253.2	.....	—
International Fd (A)		253.2	.....	—
Bldg. Soc. Life Fd.		110.1	.....	—

Property Growth Pensions & Annuities Ltd.

All Wther Ac. Uts.	272.3	286.6	.....	—
Inv. Fd. Uts.		310.6	.....	—
Pension Fd. Uts.		267.9	.....	—
Conv. Pens. Fd.		316.7	.....	—
Cnv. Pns. Cap. Ut.		231.7	.....	—
Man. Pens. Fd.		355.2	.....	—
Man. Pens. Cap. Ut.		271.8	.....	—
Prop. Pens. Fd.		298.8	.....	—
Prop.Pens.Cap.Uts.		221.4	.....	—
Bldg. Soc. Pen. Ut.		273.9	.....	—
Bldg. Soc. Cap. Ut.		206.0	.....	—
Gilts Pens. Fd.		172.0	.....	—
Gilts Pens. Fd. Cap.		147.1	.....	—
Equity Pens. Fd.		275.5	-4.1	—
Equity Pens. Fd. Cap.		232.5	-4.1	—
Intl. Pens Fd		99.9	+0.5	—
Intl Pens Fd Cap		98.1	+0.5	—

Providence Capitol Life Assc. Co. Ltd.
30 Uxbridge Road, W12 8PG. 01-749 9111

Equity Acc.	112.4	118.6	.....	—
Fixed Interest Acc.	90.9	95.9	.....	—
Intnl. Acc.	77.0	81.3	.....	—
Managed Acc.	92.4	97.4	.....	—
Property Acc.	120.2	126.8	.....	—
Money Acc.	76.6	80.9	.....	—
Special Market Acc.	70.4	74.3	.....	—
Japan Acc.	71.1	75.0	.....	—
North America Acc.	67.1	70.8	.....	—
Pacific Acc.	49.0	51.7	.....	—
Technology Acc.	72.1	76.1	.....	—
Nat. Resources Acc.	53.3	56.3	.....	—
Japan Growth Acc.	97.6	103.0	.....	—
Individual Pension Funds				
Equity Acc.	104.3	108.1	.....	—
Fixed Interest Acc.	93.3	98.5	.....	—
Intnl. Acc.	87.1	91.9	.....	—
Managed Acc.	88.3	93.1	.....	—
Property Acc.	86.2	92.0	.....	—
Money Acc.	72.0	76.0	.....	—
Group Pension Funds				
Equity	345.9	356.7	.....	—
Fixed Interest	266.9	275.2	.....	—

Provident Mutual Life Assc. Assn.
Willian Rd., Hitchin, Herts, SG4 0LP 0462-52991

Managed Ord	139.0	146.3	-0.9	—
Managed Init.	131.6	138.5	-0.9	—

Standard Life Assurance Company
3 George St., Edinburgh EH2 2XZ. 031-225 2552.

Managed	212.0	223.2	-2.4	—
Property	157.6	165.9	.....	—
Equity	257.7	271.3	-6.2	—
International	204.6	215.4	+0.4	—
Fixed Interest	171.0	180.0	-0.5	—
Index Linked	96.4	101.5	-0.2	—
Cash	135.1	142.3	.....	—
Pension Managed	251.3	264.6	-1.4	—
Pension Property	162.4	171.0	+0.1	—
Pension Equity	311.8	328.3	-3.4	—
Pension Intl.	246.5	259.5	+0.5	—
Pension Fxd. Int.	180.3	189.8	-0.7	—
Pension Index Linked	96.1	101.2	-0.3	—
Pension Cash	155.0	163.2	.....	—

Sun Alliance Insurance Group
Sun Alliance House, Horsham. 0403 64141

	Series (2)			(1) Bid
Managed Fund	246.4	259.4	-0.8	247.1
Index Linked Fund	110.5	116.4	-0.1	111.3
Equity Fund	313.0	329.5	-2.7	313.8
Fixed Interest Fund	200.2	210.8	-0.1	200.8
Property Fund	220.6	232.3	.....	221.2
International Fd.	186.3	196.2	+0.4	186.9
Deposit Fund	148.5	156.4	.....	148.9
Int Bond June 5		21.89		

Series (2) Prices are for policies issued after 11/7/1982. Series (1) These are bid prices for earlier policies.

Individual Pension Funds

Managed	158.4	166.8	-0.2	—
Index Linked	129.0	135.8	.....	—
Equity	161.1	169.6	-0.9	—
Fixed Int.	166.9	175.7	-0.1	—
Property	121.4	127.8	.....	—
International	157.0	165.3	+0.3	—
Deposit	119.0	125.3	.....	—

*Group Pension funds—Prices available on request.

Sun Life of Canada (UK) Ltd.
2, 3, 4, Cockspur St., SW1Y 5BH 01-930 5400
Maple Leaf Plans

Growth Account	490.3	—	.....	—
Managed Account	280.9	—	.....	—
Equity Account	324.3	—	.....	—
Managed Fd. Accum.	134.5	141.6	.....	—
Equity Fd. Accum.	147.8	155.6	.....	—
Property Fd. Accum.	110.5	116.2	.....	—
Fixed Int. Fd. Accum.	125.7	132.4	.....	—
Intnl. Fd. Accum.	162.6	171.3	.....	—
Money Fd. Accum.	109.1	114.9	.....	—
Index-Ld.Sec.Fd.Accm.	102.1	107.5	.....	—
Pension Plans				
Pers. Pens. Account	509.1	—	.....	—
Pens.Mgd.Acc.Accm	237.1	249.6	.....	—

Sun Life Unit Assurance Ltd.
St James Barton, Bristol BS1 3TH. 0272 426911

Managed Acc.	275.6	290.2	.....	—
Property Acc.	189.6	199.6	.....	—
Equity Acc.	356.3	375.1	.....	—
Fixed Int. Acc.	172.5	181.6	.....	—
Index Linked Acc.	95.0	100.0	.....	—
Cash Acc.	155.2	163.4	.....	—
American Equity Acc.	153.3	161.4	.....	—
U.S. Bonds Acc.	96.2	101.7	.....	—
Japan Acc.	95.0	100.0	.....	—
Pacific Acc.	95.0	100.0	.....	—
Far Eastern Acc.	216.8	228.3	.....	—
International Acc.	206.9	217.8	.....	—

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.
Worldinvest Inc. | $117.33 | 117.93 | ..... | 11.74
Valued weekly on Wednesdays.

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Unigilt Trust	43.7	45.9	+0.4	11.10
Unidollar Trust	$14.43	15.30	.....	1.10
Unibond Trust	$80.61	81.29	.....	11.20

1, Thomas St. Douglas, Isle of Man 0624 23252

Uni-Australian Tst	74.9	79.7	.....	1.40
Uni-Aust. Mineral Tst.	61.7	65.7	.....	1.70
Uni-Pacific Trust	177.4	188.8	.....	—
Uni-International Tst.	73.4	78.1	.....	0.50

Bishopsgate Commodity Ser. Ltd.
P.O. Box 42, Douglas, I.o.M. 0624-23911

ARMAC* June 4	$49.90	53.05	.....	—
COUNT** June 4	£3.488	3.699	.....	1.42
CANRHO** June 4	£2.529	2.683	.....	—

Original issue. *$10 and **£1. Next val. July 2.

Bridge Management Ltd.
GPO Box 590, Hong Kong

Nishi My 31 (10for1)	Y4,380	4,500	.....	4.385
Nippon Fd June 6	29.36	30.66	.....	0.98

Britannia Intl. Investment Mngmt. Ltd.
Box 271, Queensway House, Queen Street, St. Helier, Jersey, C.I. 0534-73114

U.S. Dollar Denominated Funds

AmSmallerCos.Fd.	$1.855	1.995	+0.001	—
Dollar Inc Fd.	$0.767	0.821	.....	11.00
$ Mngd Curr'cy Fd	$9.30	9.79	-0.03	5.50
Intl High Inc	$2.052	21.65	.....	—
Gold Fund	$1.108	1.207	-0.034	4.39
Jap Dollar Perf.	$0.870	0.9.36	+0.009	—
Normandie In $Fd	$10.89	11.72	.....	—
Universal Grwth Fd	$0.868	0.933	-0.002	—
World of Leisure	$0.923	0.992	+0.001	—
World of Tech	$0.733	0.789	+0.002	—
Managed Portfolio	$0.884	0.956	-0.004	—

Sterling Denominated Funds

American Invests	87.5	94.1	+0.1	1.02
Australian Perf Fd	76.4	82.1	+0.3	—
Far East Fund	106.5	114.5	-0.7	1.00
Jersey Energy Tst	15.3	16.4	-0.1	—
Jersey Gilt	20.7	22.1	.....	12.44
UK Growth Fund	55.0	59.1	-2.6	3.05
USM Fund	139.4	149.9	-0.9	0.99
Managed Portfolio	0.904	0.977	-0.001	—

Sterling Deposit Funds

Mngd Currency (Inc)	£13.64	14.36	.....	4.5
Cap Dep Tst	£16.75	16.76	.....	—

Britannia Fund Managers I.o.M.
Gilt Trust (I.O.M.) | 93.6 | 98.5 | ..... | 12.12
All Jersey Fund's Deal Daily Except **Tuesday Weekly-Capital Return 8.00%.

Brown Shipley Tst. Co. (C.I.) Ltd.
P.O. Box 583, St. Helier, Jersey. 0534 74777
Sterling Bond (h) | £9.92 | 9.99 | +0.02 | 11.26

Continued on adjacent Page

Butterfield Management Co. Ltd.
P.O. Box 195, Hamilton, Bermuda.

Buttress Equity	$4.60	4.86	-0.32	1.41
Buttress Income	$2.98	3.13	-0.06	11.67

OFFSHORE AND OVERSEAS

NOTES

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
101¾	100½	Treas 12pc 1984	100⅜	.....	11.92	9.30
105⅛	103¼	Treas. 15pc 1985	103⅝	+1/16	14.54	10.01
102¾	101⅛	Exch. 12pc Cnv. '85	101⅜	–1/16	11.84	10.11
95⅛	93⅜	Treas 3pc 1985	94⅛	.....	3.18	9.36
102⅝	100⅜	Treas 11½pc 1985	101⅞xd	–⅛	11.36	10.35
99⅞	97⅛	Treas 9¾pcCnv '85	97⅞	+1/16	8.93	10.50
104⅜	101⅝	Exch. 12¼pc 1985	101¾	.....	12.04	10.85
103⅜	100⅜	Exch. 11¾pc '86	101⅛	+1/16	11.62	10.94
102⅜	97⅞	Treas. 10pcCnv 1986	98¼	–1/16	10.18	11.04
90¼	88¼	Treas 3pc 1986	88⅞	–1/16	3.38	9.41
102	99⅝	Exch. 10½pc Cv '86	99⅜	–1/16	10.60	11.03
104⅛	100⅞	Treas 12pc 1986	101⅛xd	.....	11.83	11.18
98¼	94½	Treas 8½pc 1984-86‡‡	95⅛xd	.....	8.89	10.93
108⅝	104⅜	Exch. 14pc 1986	105¼	.....	13.30	11.38
87⅛	85	Exch. 2½pc 1986	85¼	.....	2.93	9.38
107⅝	103⅛	Exch. 13¼pc 1987	103⅝	.....	12.78	11.53
100⅞	96⅜	Treas 10¼%Cv '87	96⅞	.....	10.58	11.61
86⅛	83⅛	Exch 2½pc 1987	83⅜	.....	3.00	9.61
101⅛	96⅝	Exch 10½pc 1987	97⅛	.....	10.78	11.56
92⅜	88¼	Funding 6½pc '85-87‡‡	88⅝	.....	7.34	11.26
99⅝	95⅜	Treas. 10pc 1987	95⅜xd	–1/16	10.44	11.69
85	81⅛	Treas 3pc 1987	81⅞xd	.....	3.66	9.97
105	100⅜	Treas. 12pc 1987	100⅞	–1/16	11.90	11.64
94⅞	89¼	Treas 7¾pc 1985-88‡‡	89⅝	+⅛	8.65	11.29
100¼	95¼	Exch 10½pc '88	96¼	–1/16	10.91	11.71
98⅛	92⅛	Treas 9¾pc Cv '88	93⅜xd	–1/16	10.42	11.81
92	77	Transport 3pc '78-88	77⅛xd	+1/16	3.86	9.81

Five to Fifteen Years

Over Fifteen Year

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا اصل الأصل

INDUSTRIALS—Continued

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australians

Tins

Miscellaneous

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 163(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ¤ Dealt in under Rule 163(3).
- § Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue, cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- $ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

			Fin. 13% 97/02	£93¼	+¼
Albany Inv 20p	78	......	Alliance Gas	58	......
Craig & Rose £1	750	......	Arnott	222	......
Finlay Pkg. 5p	45	......	CPI Hldgs	55	......
Higsons Brew	83xd	......	Carroll Inds	325	......
Holt (Jos) 25p	880	......	Hall (R. & H.)	58	......
IoM Stm. £1	135	......	Heiton Hldgs	19	......
			Irish Ropes	42	......
IRISH			Jacob (W. & R.)	66	......
Exch. 12% 1985	£99	......	TMG	53	......
Nat. 9¾% 84/89	£89½	+¼	Unidare	35	......

OPTIONS — 3-month call rates

Industrials		Hawker Sidd	36	Vickers	14
Allied-Lyons	15	Hse of Fraser	26	Woolworth Hldgs	50
BOC Grp	27	ICI	42		
BSR	26	"Imps"	12	**Property**	
Babcock	17	ICL	7½	Brit Land	11
Barclays Bank	45	Ladbroke	25	Cap Counties	16
Beecham	52	Legal & Gen	45	Land Secs	25
Blue Circle	40	Lex Service	20	MEPC	25
Boots	16	Lloyds Bank	50	Peachey	7
Bowaters	25	"Lofs"	3	Samuel Props	12
Brit Aerospace	20	Lucas Inds	28	Sterling Guar.	4
BAT	35	"Mams"	14		
Brown (J.)	3	Marks & Spcr	16	**Oils**	
Burton Ord	22	Midland Bk	35	Brit. Oil & Min	9
Cadburys	11	NEI	10	Brit Petroleum	[illegible]
Comm Union	16	Nat West Bk	60	Burmah Oil	[illegible]
Courtaulds	11	P & O Dfd	25	Charterhall	9
Debenhams	14	Plessey	20	Premier	5
Distillers	22	Racal Elect	28	Shell	55
Dunlop	5	RHM	8	Tricentrol	20
FNFC	6¼	Rank Org Ord	24	Ultramar	60
Gen Accident	42	Reed Intnl	40		
Gen Electric	16	Sears	6	**Mines**	
Glaxo	70	TI	22	Charter Cons	24
Grand Met	30	Tesco	16	Cons Gold	50
GUS "A"	55	Thorn EMI	55	Lonrho	12
Guardian	50	Trust Houses	18	Rio T Zinc	60
GKN	20	Turner Newall	10		
Hanson Tst	17	Unilever	75		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 22

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per

FINANCIAL TIMES

Saturday June 9 1984

MAN IN THE NEWS

Furioso over the Maestro

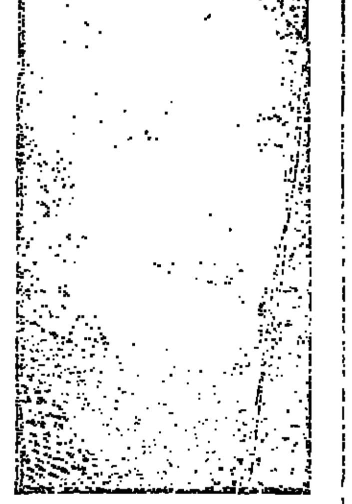
BY JONATHAN CARR

HERBERT VON KARAJAN has never pretended to be the world's most modest maestro. It is not rare to see him standing alone at the end of a concert still drinking in the usual thunderous applause long after his Berlin Philharmonic Orchestra has left the stage.

Nor does von Karajan's lifestyle match the image of those who feel a conductor must clearly be suffering, or at least other-worldly, if he is to plumb the depths of the greatest works. Whether piloting his private plane, skiing near his St Moritz chalet, dazzling guests in the company of his attractive French wife Eliette or producing his umpteenth top-selling recording, von Karajan has always been the star.

Indeed there sometimes seem to be half a dozen von Karajan's, all successful. As a Viennese cabaretist puts it in a skit on Figaro's aria from the "Barber of Seville"—"Karajan here, Karajan there, Karajan high, Karajan low — Karajan everywhere!"

Now there is a real danger that one place von Karajan may not be in future is Berlin, scene of his greatest triumphs. He has cancelled an appearance with the Berlin Philharmonic



Herbert von Karajan

on Monday in Salzburg (his birthplace), and will instead conduct the Vienna Philharmonic, the Berliners' arch rival. Just a passing tiff you might think! But the storm clouds have been gathering over the Berlin Philharmonic and its chief "conductor for life" for many months. There was much bad blood when von Karajan insisted on appointing clarinetist Sabine Meyer (only the second woman to be a member of the orchestra) against the wish of other players. Ms Meyer has now gone again saying she did not want to be the cause of a big upset.

There has also been a dispute about whether the frequent activities of a chamber music off-shoot of the orchestra undermine the homogeneity of the main ensemble. Nor have the cultural authorities of the city of Berlin, which helps finance the orchestra, shown a sure touch in their approach to the Philharmonic's problems.

None of that might seem enough cause for a split. But the Berlin Philharmonic is a very proud body indeed, founded 102 years ago when a few dozen players broke away from an autocratic manager and established their own self-governing orchestra. Now, in the wake of the Salzburg rebuff, they have told von Karajan his attitude is no longer compatible "with the duties of an artistic leader of our orchestra."

To that von Karajan could very well reply that, at the age of 76 and as (at least) one of the world's most sought-after conductors, he will not be treated like an apprentice. He has been leading the Philharmonic for almost three decades, consolidating the world fame the orchestra already had under von Karajan's predecessors Furtwängler and Nikisch, and bringing it unprecedented financial success. The musicians of the Berlin Philharmonic rarely play unfriendly for any conductor, but under von Karajan they play like angels. The public knows it and tickets are snapped up as though for the European cup final.

For many Germans there is a wider point too. Berlin mayors come and go. East-West relations (affecting Berlin in particular) blow hot and cold. But the concerts under von Karajan, in Philharmonic Hall hard by the Berlin wall, have come widely to be seen as a symbol of what is best and enduring in German culture. If von Karajan goes now, with no remotely comparable successor in sight, it really will be fair

BSC approves £50m plan for Redcar blast furnace

BY IAN RODGER

THE BRITISH Steel Corporation board has approved a proposal to spend more than £50m to re-line its blast furnace at Redcar, Teesside.

The decision, which requires Government approval, will help calm fears that steelmaking on Teesside is in jeopardy.

The blast furnace, which began operation in 1979, has been a cause of this anxiety. Its capacity of 10,000 tonnes a day is much greater than is needed for steelmaking at nearby Lackenby, so no back-up furnaces operate.

The Teesside complex suffered a setback two months ago when Shell cancelled an £18m order from the Hartlepool pipe mill on the grounds that the pipe was unacceptable.

BSC confirmed yesterday that its board had sanctioned re-lining of the blast furnace. No schedule for the project was given but it seemed likely that the work would be carried out in 1986 and 1987.

Stocks of steel would be built up before the shutdown and two old, smaller blast furnaces nearby now idle, would be restarted.

Davy-McKee, Stockton, has been working closely with BSC on preparing the Redcar relining project. Davy said the group hoped to be involved in carrying out the job.

The blast furnace is one of two ordered in the mid-1970s when BSC was hoping to raise steel production on Teesside to 12m tonnes a year.

The sharp decline of the steel market forced the corporation to abort much of the expansion plan.

Output at Teesside is about 2.9m tones a year and the second big blast furnace was never erected. Most components lie rusting in a field at the site.

Extra Rates Bill costs may be met by £500m off council grant

BY ROBIN PAULEY

MINISTERS are considering a cut of up to £500m in the grant paid to local authorities responsible for housing, so as to offset some of the extra public expenditure costs that would arise from the Rates Bill when enacted.

The change would provoke another big row between the Government and its own supporters in local government. Most of the housing authorities are low-spending district councils controlled by Conservatives. They also include, however, the London boroughs and the metropolitan districts.

The cut would result from a change in the way councils' housing revenue accounts, covering income from such sources as council house rents and sales, are treated for grant purposes. The notional profits on these accounts, at present disregarded, would be offset against grant entitlements.

That would leave a gap in many councils' accounts which could be financed only by large rate increases. The full £500m saving could not all be achieved in one year because there would have to be some sort of safety net to protect the worst affected councils.

The aim would be to offset the very large increase in public spending totals for 1985-86 which Mr Patrick Jenkin, the Environment Secretary, is seeking because of the Rates Bill and promises made to Tory MPs from rural constituencies, in order to limit their opposition to the measure.

He is asking for at least £1bn to be added to the local government totals in the public expenditure targets for 1985-86. His three main reasons for needing this extra cash are:

● He has promised to make life easier for shire county councils, once the Rates Bill to limit rate rises in high-spending authorities had been enacted.

● He wants to ensure that the target expenditure, above which grant loss penalties are levied on councils, would not be much lower than the new spending limit, or cap, to which 15 to 20 councils are likely to be subjected. Otherwise, penalties would be passed on to ratepayers through high rate demands despite the overall ceiling imposed. To raise the relevant targets would probably add several hundred million pounds to the public spend ing totals.

● He needs to take some account, in the 1985-86 total spending target, of the overspending of about £850m in the current year.

Mr Peter Rees, the Chief Secretary to the Treasury, was initially sympathetic, implying that there was plenty of room for help on the initial expenses arising from the Rates Bill from the £3.75bn contingency reserve for 1985-86.

But, at a recent meeting of the relevant Cabinet sub-committee, the Treasury adopted a tougher stance. This is partly because other strong pressures are building against the public spending target for this year. Many of these will also be felt next year. They include pay settlements above the target in the public sector, the growing financial implications of the miners' strike and higher costs of providing benefit because of the persistent rise in unemployment.

Background, Page 3

Continued from Page 1

Declaration

force as a means of settling disputes. "Each of us will maintain only the military strength necessary to deter aggression and to meet our responsibilities for effective defence," the document said.

Discussions have shown the seven countries to be fairly close, both in their analysis of the current chill in East-West relations and the steps that should be taken to promote a thaw.

They all agreed, said one official, that the Soviet Union was on the defensive — "hibernating" is the word Mr Reagan has adopted—while the West was being reasonable and held the initiative.

French officials had insisted that, while the other countries have expressed "appreciation" of President Francois Mitterrand's forthcoming visit to Moscow, he was going there as the sovereign representative of France and not as an intermediary between the two blocs.

Chancellor Kohl was briefed by Mrs Thatcher on the latest British position on the Falkland Islands, prior to his planned visit to Argentina this summer. Bonn sides stressed, however, that he would not act as an intermediary.

Summit

Continued from Page 1

expected an agreement by mid-June.

On the prospects for U.S. interest rates, Mr Lawson said: "The chances of them coming down in the short term are better now than they were a little while back. Now there is a greater concern by the Fed (the Federal Reserve Board, the U.S. central bank) on the international dimension so there is some shift of probabilities."

The U.S. would continue its efforts to reduce the budget deficit, a senior U.S. official pledged after yesterday's summit session. It appears that Mr Regan has given finance ministers at least a sufficiently strong assurance of intentions to prevent them from pressing their dissatisfaction too harshly in the communique.

President Francois Mitterrand of France, however, continued to express intense dissatisfaction with U.S. economic policies. He argued that a medium-term solution to the debt problem would be possible only if U.S. interest rates were substantially reduced.

The official communique is due to be read out by Mrs Margaret Thatcher in a public session this afternoon.

The draft, still subject to last-minute amendments by heads of governments, says: "We welcome the important 'down payment' measures of the U.S. government as an initial step in the process of reducing the budget deficit of the U.S. and the determination of the President of the U.S. to carry this process forward through a medium-term programme, primarily by cutting government spending to ensure further substantial reductions of the deficit during the coming years."

On the problems of world debt the six points set out in addition to multi-year scheduling are:

● Helping debtor countries to make policy changes.

● Encouraging the IMF in its central role.

● Encouraging closer co-operation between the IMF and the World Bank.

● Encouraging the flow of more long-term private investment into the Third World.

● Developing possibilities for substituting more stable long-term finance—equity and portfolio—for short-term bank lending.

● "Continuing consideration by our banking authorities and the commercial banks of techniques for handling sovereign-debt, including any possibilities of a greater role for marketable instruments."

Insurance broker in U.S. sacks executives

By Terry Dodsworth in New York

MARSH & McLENNAN, the largest U.S. insurance broker, has dismissed its treasurer and several senior executives in the aftermath of its $165m (£118m) pre-tax loss on unauthorised bond trading.

The announcement, made at the annual shareholders' meeting yesterday, gives the first detailed evidence that the company's dealing losses were the result of widespread management weaknesses.

At the same time, Mr John Regan, the group chairman, admitted that the investment department could have been more closely supervised. "Clearly the system broke down or was *circumvented*," he said.

In its original statement, Marcsh indicated that the problems related to a single bond trader, and that only in the subsequent examination of the dealing department had other unauthorised activities come to light.

Yesterday, however, Mr Regan said that "six or seven or eight" employees had been sacked. The company was unable to give a precise figure for the dismissals, but Mr Regan named Mr Chester A. Gan, the group treasurer, Ms Dorothy Conway, a bond trader, and Mr Richard O. Post, vice-president and head of the investment group.

He added that Mr James MacDonald, vice-president of finance, had asked to be reassigned to London, but stressed that this was not as a result of the losses.

The statement also indicated that the trading problems mainly stemmed from a company decision to try to supplement its income by capital gains in the "when issued" securities market — trading in paper which has been announced but not yet issued.

The company aimed to trade in these securities to "a very limited extent" and did not realise that cash managers were buying bonds with maturities of more than two years, or that purchases were being made on margin. These unauthorised dealings were concealed by faulty record-keeping. Mr Regan said.

The problems at Marsh & McLennan have been cited recently as evidence that the authorities should exert greater control over the large trade in Government securities on Wall Street.

Following the losses at Marsh, which it has been able to weather because of a strong balance sheet, two small trading houses have gone into liquidation after similar speculative trading went wrong.

According to the New York State Insurance Department, Marsh also violated state regulations by using insurance premium funds held in fiduciary accounts to buy long-term bonds, rather than to invest in authorised instruments. The *Department emphasised, however,* that no insurers would lose money thereby.

As a result of the dealing losses, Marsh was forced last month to revise its accounts for 1983, reducing reported net after-tax profits from $123.5m to $93.8m, and reducing shareholders' funds from $479m to $457m. At the same time, it recorded a net loss of $28m in the first quarter of this year.

The only serious criticism the board faced at the meeting of about 350 shareholders yesterday was a motion to dismiss the auditors, Arthur Andersen. *This was defeated after Mr* Regan had said that questions remained over whether the auditors should have identified the losses earlier.

THE LEX COLUMN

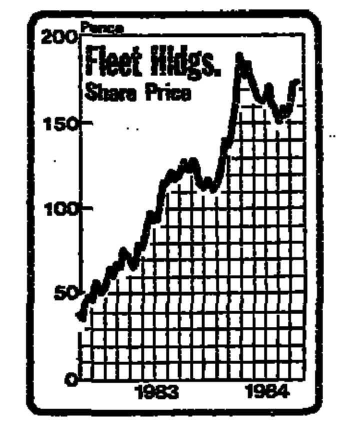
Hairline cracks in the Mirror

With one eye on the performance of Fleet Holdings' shares and the other on the value of any stake in Reuters, the City surely ought to feel reasonably well-disposed towards the planned flotation of the Mirror Group Newspapers (MGN) by its parent, Reed International. The lower than expected starting price for the Reuters' shares, however, begins to look just one of a number of disappointments now threatening to affect the City's whole attitude.

MGN retails 16.5m "B" and 5.85m "A" shares of Reuters which, at a price of 220p, sets an effective floor price for MGN itself somewhere not far short of £50m. Valuing the group's Scottish newspapers at £20m and its Holborn premises at a conservative £10m is one way to push this up to £80m. Alternatively, prospective post-tax earnings this year could credibly be estimated at around £7m and assigned a multiple of 4-5, just a little lower than that of Fleet Holdings, to produce a similar valuation.

The fall in trading profits in the year to March, from £8.1m to £5.7m, *has underlined* the threat posed by industrial relations in Fleet Street, though. Anxious to be re-assured about the new chairman's approach to this problem and the associated question of MGN's heavy capital spending plans, the City has only encountered unsettling rumours about the effects of an abrasive style not necessarily producing the desired effect. Perhaps Mr Holmes à Court of Fleet Holdings fame should be invited round for a courtesy lunch or two.

Index fell 1.8 to 831.4



Walt Disney

Donald Duck, turning 50 years old, has enjoyed a better Press this week than most of the U.S. financiers caught up in the animated struggle over control of Walt Disney. The existing board has received few hurrahs for the performance of the group in recent years and has been scurrying from one undignified manoeuvre to another to deter unwelcome predators like Mr Saul Steinberg. He, meanwhile, has not exactly appeared like a saviour to rid Disney of its well-aired problems. *The New York financier* has acquired what now amounts to 11.1 per cent of the group in an apparently blatant attempt to make life as difficult as possible for the board and so have himself bought off at a later date. Never popular on Wall Street, the tactic has won Mr Steinberg few friends in Hollywood where most people would love to see him get a ketchuped nose.

The financing cost of the $242m he has already invested in Disney shares and the large empty space sitting under Disney's share price — should no bid eventually emerge — still allow for this possibility. But Mr Steinberg has presumably left no movie mogul unturned in his quest for allies against the determined opposition of the Disney board — and the reported interest of Mr Kirk Kerkorian suggests the search may not have been in vain.

At around $65, the shares are trading on a multiple of perhaps 20 times prospective earnings and nine times Disney's cash flow per share. Even with little or no takeover premium, this values the group at well over $2bn — surely enough to daunt your average Mickey Mouse businessman. But the Disney assets could well prove irresistable to Mr Kerkorian, who had $452m in hand after he withdrew his December bid for the minority shares in MGM-UA.

Home computers

The UK home computer market was seen twitching nervously this week, as news came through of IBM's price-cutting move in the U.S. It is becoming increasingly plain that the U.S. market for home computers is hitting trouble; and where the U.S. *leads, the UK may follow.* Could the Sinclair and the Acorn go the way of the skateboard?

To be sure, the two markets are not identical. For the U.S. consumer, the home computer was to an extent preceded — ominously enough, as it turned out — by the home video game. Though the U.S. market for business computers is more developed than here, the household market leans more to Snoopy tennis, less to education or serious hobby. And as to saturation, household penetration in the UK—25 per cent, say—seems already as high as in the U.S., and may well be higher.

There is no doubt, though, that the games element is important in the UK market, too. Many machines bought for games are capable of more; but when the games pall, it *remains to be seen* how many owners turn to serious use, and how many junk the machine in the attic.

Recent figures showing UK unit growth of 75 per cent in the first quarter need careful handling. The more the market leans to the frivolous, the greater its seasonal Christmas bias. And with supply shortages complicating matters further, post-Christmas sales might have an element of spillover.

Shortages, too, might become a thing of the past. Commodore, the ferociously price-competitive market leader in the U.S., is also strongly placed in the UK market; any overstocking in the U.S. market could soon have its impact here. And if IBM is slowing down production of PCs, there will be more standard chips available on a starved world market. It seems safe to predict that established UK producers like Acorn will not suffer the recent fate of Dragon Data, but some smaller producers could be less fortunate.

Markets

After the extraordinary gyrations of the previous week, UK equities this week seemed superficially calm. But though Friday's close on the FT 30-Share Index was little changed from Monday's opening, the behaviour of individual shares still makes this as volatile a market as anyone can remember.

Whatever the explanation, it is not lack of volume—business was brisk throughout the week. The bear market terors of a fortnight ago are muted but not wholly shaken off. The 11 per cent fall since the market peak *is still well within the historic* limits of a mere correction: autumn, 1981, saw the FT-A All Share Index fall by twice as much and still the bull market resumed. Hopes of a replay are fragile, as shown by the short, ugly slide in prices in a few hours on Thursday. These are still tricky times.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:			FALLS:		
Exch. 12pc 2013-17	£113½	+ ¾	Assoc. Brit. Ports	238	− 11
BAT Inds.	211	+ 6	Barratt Developments	90	− 8
Beecham	340	+ 8	Berisford (S. and W.)	179	− 6
British Aerospace	389	+ 6	Gill and Duffus	177	− 18
Fursys Products	75	+ 7	NatWest Bank	558	− 7
Debenhams	175	+ 5	RMC	394	− 8
Dawson Packaging	103	+ 8	Tarmac	436	− 8
Glaxo	835	+ 10	Tomkinsons	103	− 21
Highgate and Job	137	+ 7	Double Eagle	40	− 10
Lyle Shipping	51	+ 7	Cons. Murchison	800	− 50
Phoenix Assce.	458	+ 12	De Beers Dfd.	487	− 10
Thorn EMI	534	+ 6	Hartebeest	£58½	− 2
Victoria Carpets	27	+ 5	Marievale	264	− 13
Cambridge Petroleum	280	+ 5	Minorco	620	− 20
SASOL	300	+ 13			

WORLDWIDE WEATHER

UK today. Dry with sunny periods. Mostly warm but cooler on east coast. Outlook: Sunny.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Amsdm.	C	12	54	Cologne	C	16	61	L. Ang.†	S	16	61	Oslo	S	19	66
Athens	S	28	82	Dublin	S	18	64	Luxmbg.	C	16	61	Paris	C	13	56
Bahrain	S	28	82	Ednbgh.	S	16	61	Madrid	F	20	68	Peking	S	31	88
Barclna.	S	19	66	Florence	C	18	64	Majorca	F	21	70	Perth	S	15	59
Beirut	S	18	65	Frankft.	C	9	48	Malaga	S	20	68	Rio J/o†C		17	63
Belfast	S	20	68	Geneva	C	14	57	M'cnstr	S	21	70	Rome	F	19	66
Belgrd.	F	16	61	Gibrltr	S	23	73	Melbne.	C	15	59	S'cisco†	S	11	52
Berlin	R	13	55	Glasgow	S	23	73	Mx. C.†	F	13	55	Singapr.	C	24	75
Biarritz	C	16	61	Gurnsey	S	17	63	Miami†	C	26	79	S'tiago†	C	4	39
Bmghm.	S	20	68	Helsinki	F	13	55	Montrl.†	S	23	73	Stckhm.	F	18	64
Blackpl.	S	18	64	H. Kong	S	32	90	Moscow	F	13	55	Sydney	F	23	73
Bombay	F	32	90	Innsbrk.	C	16	61	Munich	F	15	59	Tel Aviv	F	20	68
Bordx.	C	17	63	Invrnss.	C	13	55	Naples	F	20	68	Tokyo	S	25	77
Bristol	S	22	72	I. o Man	S	17	63	Nassau	S	23	73	T'r'nto†	F	21	70
Brussels	C	11	52	Jersey	S	17	63	Nwcstl.	C	11	52	Venice	S	18	64
Cairo	S	20	68	Jo'burg	S	18	64	N Delhi	S	35	95	Vienna	F	17	63
Cardiff	S	18	64	Lisbon	F	19	66	N York†	S	28	82	Warsaw	C	10	50
Cape T.	S	18	64	London	S	19	66	Nice	S	18	64				
Chicg.†	F	23	73												

C—Cloudy. F—Fair. R—Rain. S—Sunny.

Swiss central bank chief to retire at end of year

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

DR FRITZ LEUTWILER is to retire from the presidency of Switzerland's central bank at the end of this year after 10 years in office.

The announcement of his departure by the Swiss Government in Berne yesterday means the central banking world will lose one of its most experienced members.

He will automatically relinquish his post as president of the Bank for International Settlements (BIS), the central bankers' bank in Basle, which he has headed since January, 1982.

Dr Leutwiler, who will be 60 next month, is a career central banker who was actively involved in the general floating of exchange rates in the early 1970s. More recently he has been a key figure in rescue schemes for debt-ridden developing countries.

He is expected formally to announce his retirement from the BIS at the bank's annual meeting on June 18. A successor will be chosen from among the other leading central bankers on the BIS board, but an early decision is not likely as Dr Leutwiler still has six months of his term to run.

The Swiss Government said yesterday it would appoint a new president for its central bank, the Swiss National Bank, in the final quarter of this year. Swiss bankers say the front runner is Mr Pierre Languetin, aged 61, vice-president of the bank, who unlike Dr Leutwiler is a diplomat by training.

In his resignation letter to Dr Otto Stich, the Swiss Finance Minister, Dr Leutwiler said it had always been his intention to retire early. Like other retiring Swiss National presidents, he is widely expected to take up a position in the private sector.

Brown Boveri, which has its headquarters in Dr Leutwiler's home town of Baden, would not comment yesterday on persistent rumours that Dr Leutwiler would succeed Dr Franz Luterbacher, its current chairman.

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